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Tab Number	Account Number	Account Title/Name of Organization or Agency	2022-2023 Amount Proposed	2022-2023 Amount Requested	2021-2022 Amount Funded	Budget on File?	Latest Audit or Financial Report on File	Is there an Audit, Review, or Compilation?	TCA Requirements on File for HC to Contribute?	Date Letter Mailed	Date Letter Received
1	54310-316	**Contributions - Fire Prevention**									
		North Hamblen Volunteer Fire Dept.	$ 55,000	$ 55,000	$ 55,000	Yes		n/a	Yes	2/17/2022	3/11/2022
		South Hamblen Volunteer Fire Dept.	$ 55,000	$ 55,000	$ 55,000	Yes	990 Tax Form	n/a	Yes	2/17/2022	3/18/2022
		East Hamblen Volunteer Fire Dept.	$ 55,000	$ 55,000	$ 55,000	Yes	6/30/2021 Financial Report	n/a	Yes	2/17/2022	3/18/2022
		West Hamblen Volunteer Fire Dept.	$ 55,000	$ 55,000	$ 55,000	Yes	2021 Profit & Loss	n/a	Yes	2/17/2022	3/7/2022
2	54490-316	**Contributions - Other Emergency Management**									
		Hamblen County E-911 (change in City / County formula)	$ 192,001	$ 192,001	$ 192,001	Yes	6/30/2021	Audit	n/a	2/17/2022	2/28/2022
3	55110-309	**Contributions - Local Health Department**									
		Hamblen Co. Health Department - Local Direct	$ 66,267	$ 65,000	$ 66,267	n/a	n/a	n/a	n/a	Emailed 2/17/2022	3/16/2022
4	55140-316	**Contributions - Nursing Home**									
		ALPS	$ 7,000	$ 7,000	$ 5,000	Yes	12/31/2022	Audit	Yes	2/17/2022	2/28/2022
5	55170-316	**Contributions - Alcohol and Drug Programs**									
		Helen Ross McNabb Center (based on assessments)	$ 6,000	$ 6,000	$ 5,500	Yes	6/30/2021	Audit	Yes	2/17/2022	3/3/2022
6	55390-316	**Contributions - Appropriations to State**									
		Hamblen Co. Health Department - Tennessee Dept. of Health	$ 115,233	$ 116,500	$ 115,233	n/a	n/a	n/a	n/a	Emailed 2/17/2020	3/16/2022
		Now includes Contributions to Children's Special Services									
7	55520-316	Contributions - Aid to Dependent Children									
		SafeSpace	$8,000	$ 8,000	$ -	Yes	6/30/2021	Audit	Yes	5/3/2022	5/4/2022
		Domestic Violence Services for Hamblen County									
8	55590-316	**Contributions - Other Local Welfare Services**									
		Youth Emergency Shelter (Y.E.S.)/Helen Ross McNabb Center	$ 2,500	$ 2,500	$ 2,500	Yes	6/30/2021	Audit	Yes	2/17/2022	3/3/2022
		Morristown-Hamblen Child Care Center	$ 25,000	$ 25,000	$ 25,000	Yes	6/30/2021	Audit	Yes	2/17/2022	3/15/2022
9	56100-316	**Contributions - Adult Activities**									
		Senior Citizens Center - Adult Center	$ 11,600	$ 11,600	$ 11,600	Yes	6/30/2021	Audit	Yes	2/17/2022	3/3/2022
10	56300-316	**Contributions - Senior Citizens Assistance**									
		Senior Citizens Center - Vital Visits	$ 6,500	$ 6,500	$ 6,500	Yes	6/30/2019	Audit	Yes	2/13/2020	3/5/2020
11	56500-316	**Contributions - Libraries**									
		Morristown-Hamblen Library	$ 329,500	$ 329,500	$ 301,950	Yes	6/30/2020	Audit	n/a	2/17/2022	3/17/2022
		$311,400 operations including 3% rasie for staff; $1,500 increase for merchant services, dues, staff training; $18,100 one-time capital expenditure security cameras									
12	56900-316	**Contributions - Other Social, Cultural, and Recreational**									
	7030	Ministerial Association Temporary Shelter, Inc. (M.A.T.S.)	$ 10,000	$ 10,000	$ 8,000	Yes	6/30/2021	Audit	Yes	2/17/2022	2/28/2022
	7035	Helping Hands Clinic (Jail2Work)	$ 10,000	$ 10,000	$ 10,000	Yes	12/31/2021	Audit	Yes	2/17/2022	3/15/2022
	7045	Lakeway Achievement Center, Inc.	$ 3,000	$ 3,000	$ 3,000	Yes	6/30/2020	Audit	Yes	2/17/2022	3/14/2022
	7062	Senior Citizens Home Assistance Center (S.C.H.A.S.)	$ 5,000	$ 5,000	$ 5,000	Yes	6/30/2021	Audit	Yes	2/17/2022	3/4/2022
	7070	Central Services	$ 5,000	$ 5,000	$ 5,000	Yes	12/31/2020	Audit	Yes	2/17/2022	3/4/2022
	7170	Morristown Recreation Board	$ 500,000	$ 500,000	$ 300,000	Yes	6/30/2021	Financial Report	Yes	2/17/2022	3/10/2022
		Rose Center	$ 5,000	$ 5,000	$ 5,000	Yes	6/30/2021	Audit	Yes	2/17/2022	3/15/2022
		HOLA Lakeway	$ 15,000	$ 15,000	$ 15,000	Yes	12/31/2020	Audit	Yes	2/17/2022	3/16/2022
13	57300-316	**Contributions - Forest Service**									
		Forest Service	$ 1,000	$ 1,000	$ 1,000	Yes	November 2017	Audit	Yes	2/17/2022	2/24/2022
14	58110-316	**Contributions - Tourism**									
		Morristown Area Chamber of Commerce - Tourism	$ 22,500	$ 22,500	$ 22,500	Yes	12/31/2021	Audit	Yes	2/17/2022	3/17/2022
15	58120-316	**Contributions - Industrial Development**									
		Joint Economic & Community Develop. Board of Hamblen Co.	$ 91,000	$ 91,000	$ 91,000	Yes	n/a	n/a	n/a	2/17/2022	3/10/2022
16		**Contributions - Education (Community Services)**									
	73300-316	Imagination Library - Governor's Books from Birth Foundation (GBBF)	$ 5,000	$ 5,000	$ 5,000	Yes	P&L enclosed - Audit info is through Library		Yes	2/17/2022	3/14/2022
		Project Graduation	$ 1,000	$ 1,000	$ 1,000						
		TOTAL - EXCLUDING NEW REQUESTS	$ 1,663,101	$ 1,663,101	$ 1,423,051						

Hamblen County

Tab 1

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 11 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

North Hamblen County Volunteer Fire Department
Tammy Trent, Treasurer
787 Noes Chapel Road
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $55,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0038

In reply refer to: 0248188030
May 07, 2021 LTR 4168C 0
62-1459207 000000 00
00013374
BODC: TE

NORTH HAMBLEN COUNTY VOLUNTEER FIRE
DEPARTMENT
787 NOES CHAPEL RD
MORRISTOWN TN 37814

7078

Employer ID number: 62-1459207
Form 990 required: Yes

Dear Taxpayer:

We're responding to your request dated Apr. 28, 2021, about your tax-exempt status.

We issued you a determination letter in May 2001, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

North Hamblen Co VFD Expenditures	Amount
Insurance	
VFIS	10,495.88
Amguard insurance	784
Utilities	
MUS	2,298.27
Appalachian Elrc.	2,510.51
Admiral Propane	238.1
Fuel	
FLEETone	1,703.71
Cherokee MKT	119.81
Mailings	
MMS	304
USPS	124.59
UPS	25.33
Office Supplies	
Office Max	431.03
Amazon	548.23
Movie Video	52.54
Utec	54.98
Walgreens	79.79
Vickers Consulting Services	1200
State of TN	20.46
Building Maintenance	
Home Depot	439.91
Harbor Freight	56.23
Tracttor Supply	379.96
Speedtech Lights	805.07
Lowes	78.22
Truck Expenses	
Advance Auto	159.99
Ultimate Shine	20
Public Safety	687.95
Hamblen co clerk	18.11
Rex Coffey	300

Mark Dalton	4,250.00
Oreillys	26.29
Training/equipment	
DAvid Dean	142
MES	387.05
Am Calendars	100
BK Graphics	397.5
SASS	490
Fire call Necessities	542.87
Firepenny	47.5
WPSG	1002.98
Rapid Fire	150
Ye Olde Steakhouse	553
Tammy Trent	200
Firefighter Expenses	
James Caruthers	200
Cracker Barrell	315.23
Mildreds	225
Fundraising Expenses	
Academy Sports	196.63
Walmart	440.26
Price Less Foods	582.95
Gordon Foods	2577.46
Food City	83.33
Robin Arterburn	136
	36,982.72

North Hamblen Co. Income

Hamblen Co Govt	55,000.00
Mailout	10530.74
Walmart Grant	1,500.00
BBQ Dinner	4956.83
other donations	1204.45
Total Income	71,987.57

North Hamblen County Vol. Fire Dept.
787 Noes Chapel Rd
Morristown, TN 37814
(423) 586-9435

Line Item Expenditures	Proposed Budget 2022-2023
Utilities	$12,500.00
Insurance	$14,000.00
Gasoline	$8,000.00
Equipment/ truck Repairs	$4,000.00
Office Supplies/postage & publications/mail out	$3,500.00
Janitorial Supplies	$800.00
Building maintenance/ exterminating	$6,000.00
Fireman Training/dues	$3,800.00
Fireman Equipment	$9,500.00
Truck Payment	$3,000.00
Fundraising expenses	$5,000.00
Total	$70,100.00

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 1 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

South Hamblen County Volunteer Fire Department
Renee Jarnigan, Treasurer
P.O. Box 1626
Morristown, TN 37816

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $55,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 0 2 2005

SOUTH HAMBLEN COUNTY VOLUNTEER
FIRE DEPARTMENT
P.O.BOX 1626
MORRISTOWN, TN 37816-1626

Employer Identification Number:
58-1557342
DLN:
405285010
Contact Person:
WAYNE WHITE ID# 75907
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
December 07,2004
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
December 31, 2008

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

** PUBLIC DISCLOSURE COPY **

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2020

Open to Public Inspection

A For the 2020 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

C Name of organization: SOUTH HAMBLEN COUNTY VOLUNTEER FIRE DEPARTMENT

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): P.O. BOX 1626 | Room/suite

City or town, state or province, country, and ZIP or foreign postal code: MORRISTOWN, TN 37816-1626

D Employer identification number: 58-1557342

E Telephone number: 423-581-9447

G Gross receipts $ 144,342.

F Name and address of principal officer: HENRY JARNAGIN
4686 DAVY CROCKETT PARKWAY, MORRISTOWN, TN

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. See instructions

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ N/A

H(c) Group exemption number ▶

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1975 **M** State of legal domicile: TN

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: VOLUNTEER FIRE DEPARTMENT

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	6
5	Total number of individuals employed in calendar year 2020 (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	62,972.	61,747.
	9	Program service revenue (Part VIII, line 2g)	107.	0.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	178.	64.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	22,005.	25,578.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	85,262.	87,389.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	79,362.	63,497.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	79,362.	63,497.
	19	Revenue less expenses. Subtract line 18 from line 12	5,900.	23,892.

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	343,189.	367,058.
	21	Total liabilities (Part X, line 26)	23.	0.
	22	Net assets or fund balances. Subtract line 21 from line 20	343,166.	367,058.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer | Date

▶ RENEE JARNIGAN, TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
PAUL A. LYNCH, CPA	PAUL A. LYNCH, CPA	09/01/21		P01668202

Firm's name ▶ PURKEY CARTER COMPTON SWANN & CARTER | Firm's EIN ▶ 62-0882329

Firm's address ▶ PLLC, P.O. BOX 727
MORRISTOWN, TN 37815 | Phone no. (423)586-4850

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III ☐

1 Briefly describe the organization's mission:
TO PROVIDE FIRE PROTECTION FOR CITIZENS OF SOUTH HAMBLEN COUNTY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 61,385. including grants of $) (Revenue $)
PROVIDED FIRE PROTECTION AND FIRE SAFETY EDUCATION FOR CITIZENS OF SOUTH HAMBLEN COUNTY

4b (Code:) (Expenses $ including grants of $) (Revenue $)

4c (Code:) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe on Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 61,385.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	X	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV*	28b		X
c	A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note:** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

				Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b		
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation on Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note: See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation on Schedule O*		14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.		15		X
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.		16		X

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	6		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.				
b	Enter the number of voting members included on line 1a, above, who are independent	1b	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6		X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses on Schedule O*	9			X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		X
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a		X
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c		
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		X
b	Other officers or key employees of the organization	15b		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ NONE

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain on Schedule O)*

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ▶

RENEE JARNIGAN - 423-581-9447

4686 S. DAVY CROCKETT PKWY., MORRISTOWN, TN 37813

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See instructions for the order in which to list the persons above.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) HENRY JARNAGIN PRESIDENT	10.00	X		X				0.	0.	0.
(2) BREAU BARILE VICE-PRES	10.00	X		X				0.	0.	0.
(3) KIM GRIFFIE SECRETARY	10.00	X		X				0.	0.	0.
(4) RENEE JARNIGAN TREASURER	10.00	X		X				0.	0.	0.
(5) KEVIN JARNIGAN CHIEF	10.00	X		X				0.	0.	0.
(6) DALE GRIFFIE ASST. CHIEF	10.00	X		X				0.	0.	0.

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Subtotal ▶								0.	0.	0.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								0.	0.	0.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 0

		Yes	No
3 Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	55,000.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	6,747.				
	g Noncash contributions included in lines 1a-1f	1g	$				
	h **Total.** Add lines 1a-1f ▶			61,747.			
Program Service Revenue			Business Code				
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g **Total.** Add lines 2a-2f ▶						
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			64.			64.
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
			(i) Real / (ii) Personal				
	6 a Gross rents	6a					
	b Less: rental expenses	6b					
	c Rental income or (loss)	6c					
	d Net rental income or (loss) ▶						
			(i) Securities / (ii) Other				
	7 a Gross amount from sales of assets other than inventory	7a					
	b Less: cost or other basis and sales expenses	7b					
	c Gain or (loss)	7c					
	d Net gain or (loss) ▶						
	8 a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	8a	82,531.				
	b Less: direct expenses	8b	56,953.				
	c Net income or (loss) from fundraising events ▶			25,578.			25,578.
	9 a Gross income from gaming activities. See Part IV, line 19	9a					
	b Less: direct expenses	9b					
	c Net income or (loss) from gaming activities ▶						
	10 a Gross sales of inventory, less returns and allowances	10a					
	b Less: cost of goods sold	10b					
	c Net income or (loss) from sales of inventory ▶						
Miscellaneous Revenue			Business Code				
	11 a						
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a-11d ▶						
	12 **Total revenue.** See instructions ▶			87,389.	0.	0.	25,642.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (nonemployees):				
a Management				
b Legal				
c Accounting	803.		803.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses	1,084.		1,084.	
14 Information technology				
15 Royalties				
16 Occupancy	13,207.	13,207.		
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	16,151.	16,151.		
23 Insurance	13,039.	13,039.		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a SUPPLIES AND EQUIPMENT	10,016.	10,016.		
b MAINTENANCE & REPAIRS	5,715.	5,715.		
c FUEL	2,578.	2,578.		
d MEALS ON CALL	613.	613.		
e All other expenses	291.	66.	225.	
25 **Total functional expenses.** Add lines 1 through 24e	63,497.	61,385.	2,112.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		1	1.
	2	Savings and temporary cash investments	288,398.	2	309,621.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 837,760.			
	b	Less: accumulated depreciation — 10b 780,324.	54,791.	10c	57,436.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11		15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)	343,189.	16	367,058.
Liabilities	17	Accounts payable and accrued expenses	23.	17	0.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25	23.	26	0.
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here ▶ ☐ and complete lines 27, 28, 32, and 33.**			
	27	Net assets without donor restrictions		27	
	28	Net assets with donor restrictions		28	
		Organizations that do not follow FASB ASC 958, check here ▶ [X] and complete lines 29 through 33.			
	29	Capital stock or trust principal, or current funds	0.	29	0.
	30	Paid-in or capital surplus, or land, building, or equipment fund	0.	30	0.
	31	Retained earnings, endowment, accumulated income, or other funds	343,166.	31	367,058.
	32	Total net assets or fund balances	343,166.	32	367,058.
	33	Total liabilities and net assets/fund balances	343,189.	33	367,058.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	87,389.
2	Total expenses (must equal Part IX, column (A), line 25)	2	63,497.
3	Revenue less expenses. Subtract line 2 from line 1	3	23,892.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	343,166.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	367,058.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		X
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits	3b		

South Hamblen County Volunteer Fire Dept

Fiscal Year Budget for 2022-23

July 1, 2022 through June 30, 2023

Income Categories	**Total**
Fund Raiser/Donations	$50,000.00
Interest Received	$180.00
Total Income Categories	$50,180.00

Expense Categories	**Total**
Communication (call system)	$100.00
Equipment (Radio, pagers, SCBA, etc)	$3,000.00
Fire protective gear for members	$9,500.00
Fire prevention items	$1,500.00
Flowers	$100.00
Fuel	$6,000.00
Fire Dept portion of new fire truck from CDBG Gı	$20,000.00
Fund Raisers/Donation	$47,000.00
Insurance	$14,000.00
Maintenance for fire truck and building	$7,500.00
Miscellaneous	$1,000.00
Office Supplies	$500.00
Training	$1,000.00
Utilities (phone, repeater bill, electric, water)	$13,000.00
Total Expense Categories	$124,200.00
Grand Total	-$74,020.00

RECEIVED
MAR 18 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

East Hamblen County Volunteer Fire Department
Ricky Purkey, Chief
PO Box 66
Russellville, TN 37860

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst (AH)

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $55,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service

District
Director

Department of the Treasury
P.O. Box 1055
Atlanta, GA 30370

Mrs. Henson

Person to Contact:
Ann Russell
Telephone Number:
(404) 221-4516
Refer Reply to: EFU:580011793
EO:7201: AR
Date: January 9, 1986

East Hamblen County
Volunteer Fire Department
P.O. Box 66
Russellville, Tn. 37860

Dear Sir or Madam:

This is in response to your request for confirmation of your exemption from Federal income tax.

You were recognized as an organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code by our letter dated March, 1981. You were further determined not to be a private foundation within the meaning of section 509(a) of the Code because you are an organization described in section 170(b)(1)(A)(vi) + 509(a)(1)

Contributions to you are deductible as provided in section 170 of the Code.

The tax exempt status recognized by our letter referred to above is currently in effect and will remain in effect until terminated, modified or revoked by the Internal Revenue Service. Any change in your purposes, character, or method of operation must be reported to us so we may consider the effect of the change on your exempt status. You must also report any change in your name and address.

Thank you for your cooperation.

Sincerely yours,

Ann Russell
Exempt Organizations Specialist

Volunteer Fire Department Annual Reporting Form

East Hamblen County Volunteer Fire Department
Volunteer Fire Department Name

PO Box 66 Russellville TN 37860 — Address
Hamblen — County

Annual Financial Report of Cash Receipts, Disbursements, and Balances
For the Year July 1, 2020 through June 30, 2021

Report Required by Title 68, Chapter 102, Part 3, *Tennessee Code Annotated*
Report Due December 31, 2021

Report to be filed with **each local government** providing appropriations **and** the
Comptroller of the Treasury
Division of Local Government Audit
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243
Phone: 615-401-7841
Fax: 615-741-6216
E-mail Address: vfd@cot.tn.gov

Cash Available – July 1, 2020		
Cash on Hand	$ 23,773	
Cash in Bank –Checking		
Cash in Bank –Savings Accounts		
Cash in Bank –Certificates of Deposits		
Other Cash		
Total Cash Available – July 1, 2020		$ 23,773 (A)
Receipts		
Federal Grants	$	
State Grants		
Appropriations from County Hamblen (Name of County)	55,000	
Appropriations from County ____ (Name of County)		
Appropriations from County ____ (Name of County)		
Appropriations from Municipality ____ (Name of Municipality)		
Appropriations from Municipality ____ (Name of Municipality)		
Appropriations from Municipality ____ (Name of Municipality)		
Appropriations from Municipality ____ (Name of Municipality)		
Appropriations from Municipality ____ (Name of Municipality)		

Receipts (Cont.)

Fees/Charges for Fire Service	$	
Donations and Gifts from Citizens	6,636	
Loans – Borrowed Funds		
Funds Raisers		
Sale of Surplus Property and Equipment		
Investment Income		
Other		
Total Receipts		$ 61,636 (B)

Disbursements

Salaries and Wages	$	
Employee Benefits		
Leases/Rentals		
Maintenance and Repairs – Vehicles and Equipment	5,714	
Maintenance and Repairs – Buildings		
Supplies – Office and Custodial	1,495	
Fuel – Vehicles	5,138	
Utilities – electric, gas, water, cell phones, telephones	12,276	
Firefighting Materials and Supplies	3,410	
Insurance – Vehicles, Buildings, and Equipment	15,481	
Training Expenses		
Purchase of Vehicles and Equipment	8,708	
Purchase of Property and Buildings		
Other	16,032	
Total Disbursements		$ 68,254 (C)
Total Cash Available – June 30, 2021: (A+B-C=D)		$ 17,155 (D)

Breakdown of Cash Available – June 30, 2021:

Cash on Hand	$ 17,155
Cash in Bank – Checking	
Cash in Bank – Savings Accounts	
Cash in Bank – Certificates of Deposit	
Other Cash	
Total Cash Available – June 30, 2021 (Should equal D above)	$ 17,155

I certify that this report accurately presents the cash receipts, disbursements, and balances of the volunteer fire department for the year noted above.

Person Preparing Report Cindy Kington (Printed Name) Cindy Kington (Signature)

Phone Number 423-586-7650 Email Address cindy@ctandj.net Date 12/22/21

Comptroller Date Received _____

East Hamblen County Volunteer Fire Department

2022 annual budget

• Fuel:	$7,200/year
• Utilities:	$8,200/year
• Insurance:	$15,550/year
• Building Maintenance:	$4,500/year
• Vehicle Maintenance:	$8,500/year
• Firefighting Equipment:	$12,000/year
• Office supplies:	$950/year
• Vehicle purchase:	$15,000/year
• Training:	$1,800/year
• Communication:	$6,000/year
Estimated Expenses:	$79,700
Income:	
Donations:	$3,500
Hamblen County Gov.	$55,000
Estimated Shortage:	$21,200

Prepared by:

Ricky Purkey

Fire Chief

East Hamblen County Volunteer Fire Department

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

West Hamblen County Volunteer Fire Department
Mark Hickman, Chief
P.O. Box 95
Talbott, TN 37877

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA)*.

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $55,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service

Date: April 1, 2004

West Hamblen County Volunteer Fire Department
P.O. Box 95
Talbott, TN 37877-0095

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Cassandra Jackson 31-07417
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
62-0943790

Dear Sir or Madam:

This is in response to your request of April 1, 2004, regarding your organization's tax-exempt status.

In July 1975 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

West Hamblen County Volunteer Fire Department
62-0943790

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing.
For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

West Hamblen County Volunteer Fire Dept.
Profit & Loss
January through December 2021

	Jan - Dec 21
Income	
Approp. from Hamblen County	55,000.00
Clover	433.42
Donations	3,875.00
Door to Door	34,900.00
Dues	10.00
Fund Raising	4.00
Insurance Income	1,300.00
Interest Income	3,405.83
Mailbox Signs Sales	600.00
Miscellaneous Grants	1,500.00
Miscellaneous Income	1.00
Rent	17,320.00
Roadblock Collections	3,558.01
Truck Fund Raising #1	6,913.30
Total Income	128,820.56
Expense	
Building & Grounds Maintn	11,619.77
Door to Door Expenses	8,333.03
Equip Repair & Replacement	9,170.73
Exterminating	550.00
Fire Prevention	1,047.59
Firemen Recreation	6,410.07
Firemen Training	977.20
Flower Fund	554.29
Fuel	8,505.04
Fund Raising Expense	3,895.78
Gargabe Pick-Up	768.00
Insurance	23,888.52
Janitor Supplies	934.35
Miscellaneous Expense	20.66
Office Expense	1,443.12
Professional Services	5,025.00
Radio Communications	3,653.73
Taxes & Licenses	75.46
Telephone	0.00
Truck Inspection	1,000.00
Truck Repair	21,753.02
TV Cable	2,673.13
Uniforms	2,612.41
Utilities	12,488.77
Total Expense	127,399.67
Net Income	**1,420.89**

WEST HAMBLEN COUNTY VFD
BUDGET 2022

INCOME	2022
Approp. From Hamblen County	55,000.00
Clover	0.00
Craft Show	1,000.00
Donations	2,500.00
Door to Door	33,000.00
Fund Raising	0.00
Dues	50.00
Golf Tournament	10,000.00
Insurance Income	500.00
Interest Income	3,000.00
Mailbox Signs	0.00
Misc. Grants	1,500.00
Misc. Income	0.00
Fire Prev Income Donation	0.00
Roadblock Collections	6,000.00
Rent	18,750.00
Truck Fund Raiser	5,000.00
Sale of Materials	0.00
State Grant	0.00
TOTALS	**136,300.00**

	WEST HAMBLEN COUNTY VFD				
	BUDGET 2022				
EXPENSES					**2022**
Bldg. & Grounds Maintenance					8,000.00
Door to Door Expenses					8,500.00
Equip Repair & Replacement					7,600.00
Exterminating					600.00
Fire Prevention					1,000.00
Firemen Recreation					3,000.00
Firemen Training					2,000.00
Flower Fund					500.00
Fund Raising Expense					200.00
Garbage Pick-up					800.00
Fuel					8,000.00
Golf Tournament Expense					8,000.00
Insurance					27,000.00
Janitor Supplies					1,200.00
Misc Expense					0.00
Office Supplies					1,000.00
Professional Services					5,100.00
Radio/Communications					4,000.00
Taxes & Licenses					300.00
Telephone					0.00
Truck Inspection					1,000.00
Truck Payment					10,000.00
Truck Purchase Expense					18,000.00
Truck Repair					5,000.00
TV Cable					2,000.00
Uniforms					500.00
Utilities					13,000.00
TOTALS					**136,300.00**

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 2

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
FEB 28 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Hamblen County Emergency Communications District
S. Eric Carpenter, Director
530 North Jackson Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with the policies and procedures of Hamblen County.

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of a letter requesting your appropriation for this fiscal year,
2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and
3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $192,001

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Hamblen County Emergency Communications District
530 North Jackson Street
Morristown, Tennessee 37814
(423) 585-2700

25 February 2022

Ms. Anne Bryant-Hurst, Finance Director
Hamblen County Courthouse
511 West Second North Street
Morristown, Tennessee 37814

COPY

Ms. Hurst –

Per your request on 17 February 2022 for documents related to your preparations for the FY2022-23 budget, please find the following items attached:

1. Three (3) copies of this request for appropriations
2. Three (3) copies of the District audit for FY Ending 30 June 2020
3. Three (3) copies of our current budget

As requested, these documents are unbound / unstapled.

Please be advised that I informed our Board of Directors, during their regular scheduled meeting this morning, that I will not be requesting an increase for the FY2021-22 budget. We seek funding at the same level as the current fiscal year; **$192,001**.

If we can provide any additional information, or should you have any additional questions, please do not hesitate to contact me.

Thank you.

Respectfully,

S. Eric Carpenter, ENP
Executive Director

Attachments

HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

JUNE 30, 2021 AND 2020

Hamblen County Emergency Communications District
June 30, 2021

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INTRODUCTORY SECTION

Hamblen County Emergency Communications District
Roster of Officials
June 30, 2021

Board of Directors:

Robert Laney, Chairman

Danny Houseright, Vice Chairman

Chris Bell, Treasurer

Bill Brittain, (Ex-Officio)

Clark Taylor

Josh Ringley

Chris Wisecarver

Mark Hickman

Kay Senter

Tim Goins

Executive Director:

Eric Carpenter

Hamblen County Emergency Communications District
S. Eric Carpenter, ENP
530 North Jackson Street
Morristown, Tennessee 37814
(423) 585-2700
www.hamblen911.org

MANAGEMENTS'S DISCUSSION AND ANALYSIS

As management of the Hamblen County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2021 and June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statement.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The statement of the net position includes all the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligation to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse off as result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reports information about the net position of the District and the changes in it. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. A summary of the district's net position and changes in it is presented on page 5.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from page 5, (Summarized financial information), the District's net position has increased $278,243 during the year ended June 30, 2021. Revenues (Emergency Telephone Surcharge) increased by 5.11%. Total expenses increased approximately 12.66%. The administrative staff and employees continue to remain diligent and cost conscious.

For the year ended June 30, 2020, The District's net position increased approximately $91,349. Revenues (Emergency Telephone Surcharge) decreased by 11.58%. Total expenses increased approximately 3.59%.

THE DISTRICT'S NET POSITION

The District completed the year ended June 30, 2021 with a net position of $3,896,825, which is $278,243 more than the prior year's ending net position of $3,618,582.

The District completed the year ended June 30, 2020 with a net position of $3,618,582, which is $91,439 more than the prior year's ending net position of $3,527,143.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying these expenses. As conditions change during the year the budget may be amended to prevent budget overruns.

All telephone surcharge revenue is now remitted by the dial tone providers directly to the State. A Base Funding amount was established by the TECB for each of Tennessee's one hundred (100) ECDs and is based upon residential and business line-counts in 2012. Hamblen County's Base Funding was set at $876,360 for June 30, 2021, and $885,857 for June 30, 2020.

Interest income deposits were below expectations by $1,770 for the year ended June 30, 2021 and above expectations by $3,177 for the year ended June 30, 2020.

Total expenditures were $181,933 less than budgeted with budget categories remaining in line for the year ended June 30, 2021.

Total expenditures were $156,736 less than budgeted with budget categories remaining in line for the year ended June 30, 2020.

CAPITAL ASSETS

The District's investment in capital assets amounts to $2,106,744 with accumulated depreciation of $1,132,425 for year ended June 30, 2021. Capital assets include the building, communications equipment, a vehicle, as well as office furniture and equipment.

The District's investment in capital assets amounted to $2,106,221 with accumulated depreciation of $959,320 for year ended June 30, 2020. Capital assets include the building, communications equipment, a vehicle, as well as office furniture and equipment.

ECONOMIC FACTORS AND FUTURE NEEDS

Prior to 2015, the main economic factor which faced the Hamblen County Emergency Communications District had been the continued fluctuation in revenue generated from landline, wireless, and VoIP telephones. The '911 Funding Modernization and IP Transition Act of 2014' became law on January 1, 2015 and set a state-wide surcharge of $1.16 for all services (landline, cellular, VoIP, and pre-paid); a surcharge based upon revenue received by ECDs in 2012. This legislation eliminated the State ECB's use of depreciation costs in determining whether or not an ECD is 'financially distressed', and also eliminated five (5) State ECB funding streams for operational, equipment purchase, and training programs.

The State ECB exercised its option to seek a restoration of the state-wide surcharge to $1.50 for all services (landline, cellular, VoIP, and pre-paid); a move that required approval of a Joint Resolution of the TN General Assembly. The General Assembly passed the Joint Resolution and the restored rate went into effect on January 1, 2021. In the meantime, the State ECB approved a measure to make up the one-half fiscal year (from July 1, 2020 – December 31, 2020) additional funding to local ECDs out of their fund balance; a move that transferred $15 million to local 9-1-1 operations. This also was a factor in staff's decision not to seek additional local funding at this time.

Upgrades and enhancements to the ECD's telephony, dispatching, radio, mapping, logging, and other areas have been made over the past two (2) fiscal years; accomplished by utilizing the now-retired Capital Projects Fund and the ECD's General Fund. These improvements moved the ECD closer to the realization of being a next-generation (NG-911) center. While procurement of this infrastructure was completed without taking on any debt and maintaining a healthy General Fund, staff and the Board realize that significant increases to annual maintenance costs, especially as they relate to our dispatching systems, will occur in the several years. Staff purposely refrained from requesting additional funding for the FY2019-20 and FY2020-21 budgets so that a clearer picture of recurring maintenance costs could be obtained following the implementation of the new, enhanced systems.

Long-term financial planning for the District will require continued discussions related to the District's operational and administrative staffing needs, the District's current facility, and the service delivery expectations of our client agencies. Short-term focus will remain on sustaining operations and maintaining, to the best of our ability, the quality of dispatch services the public has come to expect. As the ability of more ways to contact 9-1-1 increases, maintaining this quality will be an ever present challenge. The ECD Board provided another operational position in the FY2021-22 budget; adding needed stability to our call taking and dispatch mission. During this process staff discussed – through a detailed strategic plan – that future enhancement discussions would need to be focused on the addition of administrative staff and, most critically, facility acquisition for the placement of these personnel. The ECD has, quite simply, run out of all existing space.

Respectfully submitted,

S. Eric Carpenter, ENP
Executive Director

SUMMARIZED FINANCIAL INFORMATION

NET POSITION

	2021	2020	2019
Current Assets	$ 2,781,307	$ 2,595,770	$ 2,866,625
Capital Assets	974,319	1,146,901	476,600
Total Assets	3,755,626	3,742,671	3,343,225
Deferred Outflow of Resources	326,460	279,419	365,038
Current Liabilities	75,879	244,855	46,644
Long Term Debt, Liabilities	28,720	29,849	24,435
Total Liabilities	104,599	274,704	71,079
Deferred Inflow of Resources	80,662	128,804	110,041
Net Position	3,896,825	3,618,582	3,527,143
Restricted	142,478	203,279	95,440
Unrestricted Net Position	2,780,028	2,268,402	2,955,103
Investment In Capital Assets	974,319	1,146,901	476,600

CHANGES IN NET POSITION

Revenues (Em.Tel. Surchg.)	978,615	931,079	1,053,018
Operating Expenses	1,503,962	1,334,936	1,288,639
Operating Income	(525,347)	(403,857)	(235,622)
Non-operating revenues (expenses)			
Interest Income	1,230	6,177	6,682
Contributions from primary government	461,119	461,119	461,069
State ECB, Grants & Reimbursements	340,398	28,000	28,000
Miscellaneous revenue	843	-	-
Total	803,590	495,296	495,751
Increase In Net Position	278,243	91,439	260,130
Net Position, beginning of year	3,618,582	3,527,143	3,267,013
Net Position, end of year	3,896,825	3,618,582	3,527,143

FINANCIAL SECTION

CRAINE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hamblen County Emergency Communications District
Morristown, Tennessee 37814

Report on the Financial Statements

We have audited the accompanying financial statements of Hamblen County Emergency Communications District, a component unit of Hamblen County, Tennessee, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Hamblen County Emergency Communications District's financial statements as listed in the table of contents.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Hamblen County Emergency Communications District of Hamblen County, Tennessee, as of June 30, 2021 and

2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 6 and the required supplementary information on pages 25 through 28 be presented to supplement the basis financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hamblen County Emergency Communications District's basic financial statements as a whole. The schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Officials listed on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of Hamblen County Emergency Communications District's internal control over financial reporting and on our 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 our 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 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 Hamblen County Emergency Communications District's internal control over financial reporting and compliance.

Craine, Thompson & Jones, P.C.

Morristown, Tennessee
September 27, 2021

Hamblen County Emergency Communications District
Statement of Net Position
June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 2,638,829	$ 2,392,492
Accounts receivable	-	-
Net pension asset	142,478	203,278
Total current assets	2,781,307	2,595,770
Capital assets:		
Building & improvements	370,531	370,531
Communications equipment	1,604,234	1,603,711
Office equipment	7,004	7,004
Furniture and fixtures	77,222	77,222
Vehicles	47,753	47,753
Sub-total	2,106,744	2,106,221
Less - allowance for depreciation	(1,132,425)	(959,320)
Capital assets - net	974,319	1,146,901
Total assets	3,755,626	3,742,671
Deferred Outflow of Resources		
Pension related	282,853	258,286
OPEB related	43,607	21,133
Total deferred outflows of resources	326,460	279,419
Liabilities		
Current liabilities:		
Accounts payable	5,959	202,631
Accrued liabilities	770	646
Retirement contributions	2,011	2,670
Compensated absences payable	9,573	9,950
OPEB liability	57,566	28,958
Total current liabilities	75,879	244,855
Long-term liabilities:		
Compensated absences payable	28,720	29,849
Total liabilities	104,599	274,704
Deferred Inflow of Resources		
Pension related	79,564	127,513
OPEB related	1,098	1,291
Total deferred inflow of resources	80,662	128,804
Net position		
Restricted	142,478	203,279
Investment in capital assets	974,319	1,146,901
Unrestricted	2,780,028	2,268,402
Total net position	$ 3,896,825	$ 3,618,582

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

Hamblen County Emergency Communications District
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
Operating revenues:		
TECB distribution of 911 Surcharges (Base Amount)	$ 876,360	$ 885,847
TECB distribution of excess revenue	102,255	44,754
Miscellaneous income	-	478
Total operating revenue	978,615	931,079
Operating expenses:		
Salaries and wages	784,461	756,965
Employee benefits	249,863	244,319
Contracted services	228,368	127,767
Supplies and materials	42,878	42,938
Other charges	25,287	39,531
Depreciation	173,105	123,416
Total operating expenses	1,503,962	1,334,936
Net operating income (loss)	(525,347)	(403,857)
Non-operating revenues (expenses)		
Interest income	1,230	6,177
Contributions from primary government	461,119	461,119
TECB-Reimbursements and/or Grants	340,398	28,000
Miscellaneous revenue	843	-
Total non-operating revenues (expenses)	803,590	495,296
Increase in net position	278,243	91,439
Net position, beginning of year	3,618,582	3,527,143
Net position, end of year	$ 3,896,825	$ 3,618,582

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

Hamblen County Emergency Communications District
Statement of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
For the Years Ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
Cash flows from operating activities:		
Cash received from surcharges and other revenues	$ 978,615	$ 1,128,628
Cash payments for payroll, taxes and related benefits	(1,034,324)	(998,502)
Cash payments to suppliers for goods and services	(501,018)	(210,399)
Net cash provided (used) by operating activities	(556,727)	(80,273)
Cash flows from capital and related financing activities:		
Additions to capital assets	(526)	(793,716)
Net cash provided (used) by capital and related financing activities	(526)	(793,716)
Cash flows from noncapital financing activities:		
Contributions from primary government	461,119	461,119
Grant from State Emergency Communications Board	340,398	28,000
Other non-operating revenue	843	-
Net cash provided (used) by noncapital financing activities	802,360	489,119
Cash from investing activities:		
Interest on investments	1,230	6,177
Net cash from investing activities	1,230	6,177
Net increase (decrease) in cash and cash equivalents	246,337	(378,693)
Cash and cash equivalents at beginning of year	2,392,492	2,771,185
Cash and cash equivalents at end of year	$ 2,638,829	$ 2,392,492

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

Hamblen County Emergency Communications District
Statement of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
For the Years Ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net operating income (loss)	$ (525,347)	$ (403,857)
Depreciation	173,105	123,416
Changes in operating assets and liabilities:		
Increase/(decrease) in accounts payable	(196,672)	192,995
Increase/(decrease) in accrued liabilities	124	(594)
Increase/(decrease) in retirement contributions	(659)	(123)
Increase/(decrease) in deferred inflows - OPEB	(47,949)	(3,720)
Increase/(decrease) in deferred inflows - Pension	(193)	264
Increase/(decrease) in estimated compensated absences	(1,506)	7,219
Increase/(decrease) in OPEB liability	28,581	-
(Increase)/decrease in net pension asset	60,800	-
(Increase)/decrease in deferred outflows - OPEB	(24,537)	4,127
(Increase)/decrease in deferred outflows - Pension	(22,474)	-
Net cash provided (used) by operating activities	$ (556,727)	$ (80,273)

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

NOTE 1 - NATURE OF THE ORGANIZATION

The District was established by the County for the purpose of enhancing "911" and selective routing services under T.C.A. 7-86-101 through 7-86-117 "Emergency Communications District Law." The District is a component unit of Hamblen County, Tennessee. It is managed by a nine (9) member Board of Directors appointed by the Hamblen County Mayor for terms of four (4) years. The District is not fiscally dependent upon the County and has the ability to issue debt at the discretion of the Board. The District's annual base funding for 911 operations is set by a uniform statewide telephone surcharge established by Tennessee statue.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting – accrual.
Revenue is recognized when earned and expenses are recorded when incurred.

B. Fund type - proprietary.

C. For purposes of the statement of cash flows, the District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

D. Capital assets and depreciation:

1) All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. The District's capitalization threshold is set at $1,000 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under audit, there were no interest costs capitalized.

2) Capital assets consist of:

June 30, 2021	Beginning Balance	Additions	Disposals	Ending Balance	Accumulated Depreciation	Net Capital Assets
Capital Assets						
Building	$ 370,531	$ -	$ -	$ 370,531	$ 192,634	$ 177,897
Communications equip	1,603,711	523	-	1,604,234	828,230	776,004
Furniture and fixtures	77,222	-	-	77,222	73,057	4,165
Office equipment	7,004	-	-	7,004	5,303	1,701
Automobile	47,753	-	-	47,753	33,201	14,552
Total	$ 2,106,221	$ 523	$ -	$ 2,106,744	$ 1,132,425	$ 974,319

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital assets and depreciation (continued):

3) Capital assets consist of:

June 30, 2020	Beginning Balance	Additions	Disposals	Ending Balance	Accumulated Depreciation	Net Capital Assets
Capital Assets						
Building	$ 370,531	$ -	$ -	$ 370,531	$ 182,816	$ 187,715
Communications equip	809,995	793,716	-	1,603,711	670,601	933,110
Furniture and fixtures	77,222	-	-	77,222	71,535	5,687
Office equipment	7,004	-	-	7,004	4,731	2,273
Automobile	47,753	-	-	47,753	29,637	18,116
Total	$ 1,312,505	$ 793,716	$ -	$ 2,106,221	$ 959,320	$ 1,146,901

4) The straight-line method of depreciation is used, totaling $173,105 for 2021 and $123,416 for 2020. Accumulated depreciation was $1,132,425 as of June 30, 2021, and $959,320 as of June 30, 2020.

E. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the District are such estimates.

F. Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. The proprietary fund is accounted for using the "economic resources' measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are these expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Hamblen County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hamblen County Emergency Communications District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 3 - DEPOSITS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, and June 30, 2020, the District had no exposure to custodial credit risk as its deposits were either insured by the FDIC or collateralized with securities held by the State of Tennessee Bank Collateral Pool as required by state statutes.

NOTE 4 – CONTRIBUTIONS FROM PRIMARY GOVERNMENT

When the District was formed in 1989, the City of Morristown and Hamblen County, Tennessee, each verbally agreed to fund the salaries and benefits of four (4) dispatchers as the District has absorbed these employees. The District invoiced the two entities monthly for these expenses.

With the changes brought about by the passage of the '911 Funding Modernization and IP Transition Act of 2014', the ECD, City of Morristown, and Hamblen County Government renegotiated this arrangement and arrived at a new funding model. The current division is based upon a funding model provided by the University of Tennessee's Municipal Technical Assistance Service (MTAS). Under this model, local funding for dispatch services is divided up based upon population and annual calls-for-service (CFS) data.

NOTE 5 - CONCENTRATION OF CREDIT RISK

Hamblen County Emergency Communications District was established for the purpose of enhancing "911" and selective routing services in Hamblen County. All fees are collected through either Bell South/AT&T who bills every telephone customer in Hamblen County or the State Department of Commerce and Insurance of Tennessee who remits ECB wireless revenue monthly.

NOTE 6 - COMPENSATED ABSENCES

A. Annual leave:

Annual leave cannot be accumulated over 28 days or 224 hours.

Upon termination, employees are reimbursed for their accumulated annual leave. The table below details the changes in the accrued compensated absences for the years ended June 30, 2021 and 2020.

NOTE 6 - COMPENSATED ABSENCES (continued)

Fiscal Year Ending	Beginning Balance	Increase	(Decrease)	Ending Balance
June 30, 2021				
Current Portion	$ 9,950	$ -	$ (377)	$ 9,573
Long-term Portion	$ 29,849	$ -	$ (1,129)	$ 28,720
June 30, 2020				
Current Portion	$ 8,145	$ 1,805	$ -	$ 9,950
Long-term Portion	$ 24,435	$ 5,414	$ -	$ 29,849

B. Sick leave:
Sick leave is accumulated at the rate of one day per month without limit. Sick leave may be used to allow an employee early retirement on a day for day basis.

NOTE 7 – PENSION PLAN INFORMATION

General Information about the Pension Plan

Plan Description - Employees of Hamblen County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

NOTE 7 - PENSION PLAN INFORMATION (continued)

Inactive employees or beneficiaries currently receiving benefits		5
Inactive employees entitled to but not yet receiving benefits		7
Active employees		17
	Total	29

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Hamblen County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the employer contributions for Hamblen County Emergency Communications District were $48,619, based on a rate 6.99 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's Actuarially Determined Contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hamblen County Emergency Communications District's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total pension liability as of June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary range from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

NOTE 7 - PENSION PLAN INFORMATION (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocations
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Hamblen County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - PENSION PLAN INFORMATION (continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2019	$ 2,045,446	$ 2,248,724	$ (203,278)
Service cost	52,674		52,674
Interest	148,478		148,478
Differences between expected and actual experience	51,966		51,966
Changes in Assumptions	-		-
Contributions-employer		47,331	(47,331)
Contributions-employee		35,428	(35,428)
Net investment income		111,065	(111,065)
Benefit payments, including refunds of employee contributions	(100,306)	(100,306)	-
Administrative expense		(1,506)	1,506
Net changes	152,812	92,012	60,800
Balance at June 30, 2020	$ 2,198,258	$ 2,340,736	$ (142,478)

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Hamblen County Emergency Communications District calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	$ 167,757	$ (142,478)	$ (396,592)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense) - For the year ended June 30, 2021, Hamblen County Emergency Communications District recognized pension expense (negative pension expense) of $36,903.

NOTE 7 - PENSION PLAN INFORMATION (continued)

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2021, Hamblen County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 194,818	$ 79,564
Net difference between projected and actual earnings on pension plan investments	16,138	-
Changes in assumptions	24,962	-
Contributions subsequent to the measurement date	46,935	(not applicable)
Total	$ 282,853	$ 79,564

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 15,249
2023	29,076
2024	44,083
2025	39,379
2026	24,306
Thereafter	4,259

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2021, Hamblen County Emergency Communications District reported a payable of $2,011 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

NOTE 8 – Other Postemployment Benefits (OPEB) for Retiree Health Insurance

General information about the OPEB plan

Plan description - Employees of Hamblen County Emergency Communications District are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided – Hamblen County Emergency Communications District offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGOP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Hamblen County Emergency Communications District does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms – At July 1, 2020, the following employees of Hamblen County Emergency Communications District was covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	17
Total	18

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2021, Hamblen County Emergency Communications District paid $4,733 to the LGOP for OPEB benefits as they came due.

NOTE 8 – Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

Total OPEB Liability

Actuarial assumptions - The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	9.02% for pre-65 in 2020, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020, decreasing annually over a 4 year period to an ultimate rate of 4.50%
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate - The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

NOTE 8 – Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	$ 28,958
Changes for the year:	
Service cost	3,895
Interest	1,148
Changes of benefit terms	-
Differences between expected and actual experience	20,402
Change in assumptions	3,481
Benefit payments	(318)
Net changes	28,608
Total OPEB liability - ending balance	$ 57,566

Changes in assumptions - The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments in initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$ 61,941	$ 57,566	$ 53,920

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (8.01%/6.56% decreasing to 3.50%)	Healthcare Cost Trend Rates (9.02%/7.56% decreasing to 4.50 %)	1% Increase (10.02%/8.56% decreasing to 5.50%)
Total OPEB liability	$ 52,247	$ 57,566	$ 63,944

NOTE 8 – Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense - For the fiscal year ended June 30, 2021, Hamblen County Emergency Communications District recognized OPEB expense of $10,674.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2021, Hamblen County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 33,680	$ 1,098
Changes of assumptions	5,194	-
Employer payments subsequent to the measurement date	4,733	-
Total	$ 43,607	$ 1,098

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the year ended June 30:	
2022	$ 5,631
2023	5,631
2024	5,631
2025	5,631
2026	5,631
Thereafter	9,621

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 9 - RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District is insured through Strate Insurance Group as an ancillary to Hamblen County's insurance. There were no actual or potential claims against the District according to the County Attorney; therefore, no provision has been made. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

NOTE 10 – BUDGETARY INFORMATION

The District must file a budget annually with Hamblen County. The budget is prepared on the accrual basis of accounting. The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* has established the legal level of control, which is the level at which management loses the ability to reapply budgeted resources from one use to another without special approval, at the line-item level.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date for potential recognition or disclosure though the independent auditors' report date, the date the financial statements were available to be issued. Management has identified the coronavirus (Covid-19) global pandemic as a subsequent event that has the potential to significantly impact the District. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government action to mitigate the pandemic. The District's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations.

The pandemic may have a continued material adverse impact on economic and market conditions, creating a period of global economic slowdown. This situation could potentially depress the tax bases and other areas in which the District received revenue during the fiscal year 2022. As such, this may hinder the ability of the District to meet the needs of its constituents. The financial liquidity may be negatively impacted for the fiscal year 2022. While management cannot quantify the financial and other impact to the District as of September 27, 2021, management believes that a material impact on the District's financial position and results of future operations is reasonably possible.

REQUIRED SUPPLEMENTAL INFORMATION

Hamblen County Emergency Communications District
Pension Plan - Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS
Last Fiscal Year Ending June 30

Total Pension Liability	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service cost	$ 52,674	$ 51,101	$ 41,493	$ 37,620	$ 40,558	$ 41,308	$ 38,907
Interest	148,478	149,615	130,372	123,629	112,152	106,532	100,993
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual exp	51,966	(69,862)	212,342	(11,372)	44,365	(43,821)	(47,379)
Changes of assumptions	-	-	-	49,922	-	-	-
Benefit pymts, including refunds of contrib	(100,306)	(195,916)	(60,877)	(46,770)	(35,447)	(21,225)	(20,911)
Net Change in Total Pension Liability (Asset)	152,812	(65,062)	323,330	153,029	161,628	82,794	71,610
Total Pension Liability (Asset) - beginning	2,045,446	2,110,508	1,787,178	1,634,149	1,472,521	1,389,727	1,318,117
Total Pension Liability (Asset) - ending (a)	$ 2,198,258	$ 2,045,446	$ 2,110,508	$ 1,787,178	$ 1,634,149	$ 1,472,521	$ 1,389,727
Plan Fiduciary Net Position							
Contributions - employer	$ 47,331	$ 45,947	$ 44,214	$ 43,439	$ 40,509	$ 40,452	$ 37,641
Contribtuions - employee	35,428	34,391	33,094	32,514	29,582	29,411	29,089
Net investment income	111,065	159,894	168,501	204,451	45,756	50,325	226,117
Benefit pymts, including refunds of contrib	(100,306)	(195,916)	(60,877)	(46,770)	(35,447)	(21,225)	(20,911)
Administrative expenses	(1,506)	(1,539)	(1,520)	(1,414)	(1,059)	(711)	(563)
Other	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	$ 92,012	$ 42,777	$ 183,412	$ 232,220	$ 79,341	$ 98,252	$ 271,373
Plan Fiduciary Net Position - beginning	2,248,724	2,205,947	2,022,535	1,790,315	1,710,974	1,612,722	1,341,349
Plan Fiduciary Net Position - ending (b)	$ 2,340,736	$ 2,248,724	$ 2,205,947	$ 2,022,535	$ 1,790,315	$ 1,710,974	$ 1,612,722
Net Pension Liability (Asset) - ending (a)-(b)	$ (142,478)	$ (203,278)	$ (95,439)	$ (235,357)	$ (156,166)	$ (238,453)	$ (222,995)
Plan Fiduciary Net Position as a % of the Total Pension Liability	106.48%	109.94%	104.52%	113.17%	109.56%	116.19%	116.05%
Covered-employee payroll	$708,550	$687,825	$661,878	$650,282	$600,095	$605,575	$581,775
Net Pension Liability (Asset) as a % of covered-employee payroll	(20.11)%	(29.55)%	(14.42)%	(36.19)%	(26.02)%	(39.38)%	(38.33)%

Changes of assumptions . In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Hamblen County Emergency Communications District
Pension Plan - Supplementary Information

Schedule of Contributions Based on Participation in the Public Employee Pension Plan TCRS Last Fiscal Year Ending June 30

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarilly determined contribution	$ 48,619	$ 16,934	$ 11,349	$ 11,186	$ 13,786	$ 40,509	$ 40,452	$ 37,641
Contribution in relation to the actuarially determined contribution	48,619	47,331	45,947	44,214	43,439	40,509	40,452	37,641
Contribution deficiency (excess)	$ -	$ (30,397)	$ (34,598)	$ (33,028)	$ (29,653)	$ -	$ -	$ -
Covered-employee payroll	$ 695,373	$ 708,550	$ 687,825	$ 661,878	$ 650,282	$ 600,095	$ 605,575	$ 581,775
Contributions as a percentage of covered-employee payroll	6.99%	6.68%	6.68%	6.68%	6.68%	6.75%	6.68%	6.47%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Hamblen County Emergency Communications District
Pension Plan - Supplementary Information
June 30, 2021

Notes to Schedule

Valuation date - Actuarially determined contribution rates for the fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary range from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions . In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Hamblen County Emergency Communications District
Other Post Employment Benefits - Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios Year Ended June 30

Measurement Year Ended June 30,	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 3,895	$ 3,225	$ -	$ -
Interest	1,148	1,013	-	-
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	20,402	(1,484)	23,330	-
Changes in assumptions	3,481	1,522	1,501	-
Benefits payments	(318)	(149)	-	-
Net change in total OPEB liability	$ 28,608	$ 4,127	$ 24,831	$ -
Total OPEB liability - beginning	28,958	24,831	-	-
Total OPEB liability - ending	$ 57,566	$ 28,958	$ 24,831	$ -
Covered-Employee Payroll	695,373	681,314	663,481	661,878
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.28%	4.25%	3.74%	0.00%

Notes to Schedule

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

Hamblen County Emergency Communications District
Statement of Revenue, Expenses, and Changes in Net Position - Actual and Budget
Year Ended June 30, 2021

	Original Budget	Revised Budget	Actual	Variance Fav. (Unfav.)
Operating revenues:				
TECB Distribution Base	$ 876,360	$ 876,360	$ 876,360	$ -
TECB Distribution Excess	-	102,255	102,255	-
Total operating revenues	876,360	978,615	978,615	-
Operating expenses:				
Director	62,946	62,946	62,911	35
Administrative personnel	45,391	45,391	45,360	31
Assistant director(s)	93,937	94,137	94,049	88
Telecommunicators	485,302	500,390	488,782	11,608
Overtime pay	19,000	29,000	27,207	1,793
Part-time personnel	60,764	45,764	33,407	12,357
Education	2,161	2,161	1,856	305
Holidays	20,530	21,840	18,594	3,246
Bonuses	1,992	2,073	1,927	146
Longevity	2,400	2,400	2,280	120
Perfect Attendance	11,117	11,117	3,907	7,210
Social Security	49,944	50,966	46,491	4,475
Medicare	11,681	11,914	10,873	1,041
Medical insurance	146,600	156,219	134,300	21,919
Life insurance	4,060	4,202	3,929	273
Dental insurance	9,600	9,731	9,100	631
Disability insurance	2,600	2,600	2,326	274
Unemployment compensation	-	5,000	4,181	819
Retirement and OPEB expense	49,752	50,853	42,844	8,009
Other fringe benefits	1,000	1,000	-	1,000
Audit services	5,400	5,900	5,710	190
Legal services	1,000	1,000	469	531
Maintenance and warranty agreements	138,000	138,000	135,789	2,211
Awards to employees	1,000	1,000	149	851
Board meeting expense	200	200	123	77
Insurance - liability	4,731	4,731	3,846	885
Insurance - workers compensation	3,190	3,190	1,716	1,474
Premiums on surety bonds	1,500	1,500	1,338	162
Supplies and materials - administration	8,000	8,000	7,277	723
Postage	500	500	384	116
Bank charges	1,200	1,200	1,042	158
Uniforms	1,000	1,600	1,469	131
Other administrative service and expense	2,250	2,250	(852)	3,102
Utilities - electric	15,000	15,000	12,494	2,506
Utilities - gas / propane	1,700	1,700	1,128	572
Maintenance and repairs - building and facilities	5,500	5,500	4,147	1,353
Janitorial services	12,000	12,000	11,325	675

Hamblen County Emergency Communications District
Statement of Revenue, Expenses, and Changes in Net Position - Actual and Budget
Year Ended June 30, 2021

	Original Budget	Revised Budget	Actual	Variance Fav. (Unfav.)
Pest control	320	320	288	32
Janitorial supplies	2,500	2,500	2,014	486
Insurance - building & contents	4,005	4,005	3,539	466
Other building and facilities costs	5,000	5,000	3,483	1,517
Dues and memberships	2,000	2,000	1,928	72
Employee testing & exams	800	800	140	660
Training expenses	14,000	14,000	8,688	5,312
Travel expense	23,000	23,000	1,489	21,511
Addressing / mapping / database cost	25,000	25,000	13,653	11,347
Cable and internet	5,000	5,500	5,272	228
Lease / rental of communication equipment	52,000	52,000	35,244	16,756
Language interpreting	400	600	437	163
Maintenance and repairs	14,000	17,000	15,962	1,038
Telephone costs - call center	11,400	11,400	10,210	1,190
NCIC / TBI / TIES expense	3,000	3,000	2,680	320
Vehicle expenses	2,500	2,500	1,125	1,375
Vehicle insurance	1,295	1,295	1,289	6
Vehicle fuel	3,000	3,000	1,538	1,462
Depreciation	200,000	200,000	173,105	26,895
Total operating expenses	1,652,168	1,685,895	1,503,962	181,933
Net operating income	(775,808)	(707,280)	(525,347)	181,933
Non-operating revenues (expenses):				
Interest income	3,000	3,000	1,230	(1,770)
Contributions from primary government	447,669	447,669	447,669	-
Contributions from other local governments	13,450	13,450	13,450	-
TECB grants & reimbursements	319,922	319,922	340,398	20,476
Other non-operating revenue	1,000	1,000	843	(157)
Total non-operating revenues (expenses)	785,041	785,041	803,590	18,549
Increase (decrease) in net position	$ 9,233	$ 77,761	$ 278,243	$ 200,482

Hamblen County Emergency Communications District
Schedule of Detailed Expenses
June 30, 2021 and 2020

	2021	2020
Salaries and wages:		
Director	$ 62,911	$ 61,946
Administrative personnel	45,360	44,524
Assistant Director	94,049	92,441
Dispatchers/Telecommunication	548,734	516,858
Part-time personnel	33,407	41,196
Total salaries and wages	$ 784,461	$ 756,965
Employee benefits:		
Social security	$ 46,491	$ 44,496
Medicare	10,873	10,406
Life insurance	3,929	3,709
Medical insurance	134,300	126,723
Dental insurance	9,100	8,416
Disability insurance	2,326	2,404
Other Post Employment Benefits	5,941	6,595
Retirement contributions	36,903	41,570
Total employee benefits	$ 249,863	$ 244,319
Contracted services:		
Audit services	$ 5,710	$ 5,400
Language interpreting	437	454
Janitorial Services	11,325	11,775
Legal services	469	8
Maintenance Agreements	135,789	27,032
Mapping / Addressing	13,653	16,234
NCIC/TBI/TIES expenses	2,680	2,680
Pest control	288	288
Lease/rental - communications equipment	35,244	47,440
Maintenance and repairs - communications equipment	15,962	11,572
Maintenance and repairs - buildings and facilities	4,147	696
Maintenance and repairs - vehicles	1,125	1,140
Fuel vehicle	1,539	1,642
Other contracted services	-	1,406
Total contracted services	$ 228,368	$ 127,767

Hamblen County Emergency Communications District
Schedule of Detailed Expenses
June 30, 2021 and 2020

	2021	2020
Supplies and materials:		
Office supplies	7,893	$ 5,740
Custodial supplies	2,014	2,102
Postage	384	513
Utilities - electric	12,494	13,541
Utilities - gas	1,128	1,098
Utilities - telephone	10,210	9,750
Utilities - cable and internet	5,272	4,586
Other supplies and materials	3,483	5,608
Total supplies and materials	$ 42,878	$ 42,938
Other charges:		
Bank charges	1,042	$ 996
Board meeting expenses	123	121
Dues and memberships	1,928	1,626
Employee testing and exams	140	336
Insurance - workers compensation	1,716	1,582
Insurance - liability	3,846	3,825
Insurance - buildings and contents	3,539	3,470
Insurance - vehicles	1,289	1,169
Premiums on surety bonds	1,338	1,317
Service awards	149	1,389
Training expenses	8,688	9,539
Travel expenses	1,489	14,161
Total other charges	$ 25,287	$ 39,531
Depreciation expense	$ 173,105	$ 123,416

INTERNAL CONTROL AND COMPLIANCE SECTION

CRAINE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Hamblen County Emergency Communications District
Morristown, Tennessee

We 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 Hamblen County Emergency Communications District, a component unit of Hamblen County, Tennessee, as of and for the year ended June 30, 2021, which collectively comprise the Hamblen County Emergency Communications District's basic financial statements and have issued our report thereon dated September 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamblen County Emergency Communications District'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hamblen County Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hamblen County Emergency Communications District'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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Hamblen County Emergency Communications District's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Craine, Thompson & Jones, P.C.

Morristown, Tennessee
September 27, 2021

Hamblen County Emergency Communications District
Schedule of Current Year Audit Findings
June 30, 2021 and 2020

There are no current year audit findings.

Hamblen County Emergency Communications District
Summary Schedule of Prior Audit Findings
June 30, 2021 and 2020

There were no prior year audit findings.

HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

BUDGET

2/3/22 PR 3% NEWTELCOM.AMEND1

Acct #	Account Name	Prior Year FY 2019-20	Current Year FY 2020-21	Proposed Year FY 2021-22	Explanation of departures from the current pattern.
Operating Revenue		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
3010	TCA SECTION 7-86-303 Receipts	876,260	876,360	876,360	
3020	TCA SECTION 7-86-130 Receipts	44,754	102,255	77,629	
3090	Other Operating Revenues				
3060	Local Government Contracts				
3070	Contracted Services				
3080	Sales & Fees				
	Total Operating Revenue	921,014	978,615	953,989	

Operating Expenses

Salaries/Wages and Benefits

Employees of the ECD must be included on a schedule of salaries by position and the numbers of positions. Do not include employees of other local government. See Schedule Below

4000	**Salaries and Wages:**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
4001	Director	62,014	62,946	64,952	
4002	Administrative Personnel	44,720	45,391	46,747	
4003	Assistant Directors	92,554	93,937	96,764	Dir. Tech. Sev. & Dep. Dir.
4004	Telecommunicators	563,368	580,154	667,337	Part-Time, Overtime
4005	Dispatch Supervisor Personnel				
4006	Mapping /Address Personnel				
4007	Other Salaries and Wages	36,000	39,591	43,200	Holiday, Bonuses, Education, PA
4011	Training Personnel				
4012	IT Personnel				
4013	Compensated Absences				
4099	Other Payroll Costs				
	Subtotal Salaries and Wages	798,656	822,019	919,000	
4100	**Employee Benefits:**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
4101	Social Security	49,083	50,966	55,304	
4102	Medicare	11,479	11,914	12,934	
4104	Medical Insurance	154,772	156,219	182,027	
4106	Other Insurance	16,753	16,533	18,330	Disability, Life, Dental & Vision
4107	Unemployment Compensation		5,000	5,000	
4108	Pension Expense	48,824	50,853	55,580	Retirement Contributions
4109	Other Postemployment Benefits			8,000	
4199	Other Fringe Benefits	1,000	1,000	3,000	Tuition
	Subtotal Employee Benefits	281,911	292,485	340,175	
	Total Salaries, Wages, and Employee Benefits	1,080,567	1,114,504	1,259,175	

Other Than Payroll Operating Expenses:

4200	**Administration (Major Category)**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
4203	Audit Services	5,400	5,400	6,400	
4204	Accounting / Bookkeeping Services				
4208	Contracts with Vendors				
4209	Data Processing Services				
4217	Legal Services	1,000	1,000	1,000	
4218	Maintenance & Warranty Contracts	32,644	138,000	146,835	
4221	Consultants Services				
4229	Lease/Rental-Admin Equipment/Furniture/Fixtures				
4233	Awards to Employees and Others	1,000	1,000	1,000	
4234	Board Meeting Expenses	200	200	200	
4235	Claims and Judgments				
4237	Dues and Memberships - Administrative				
4238	Employee Testing and Exams - Administrative				
4240	Insurance - Liability	4,731	4,731	4,731	
4241	Insurance-Workers Compensation	3,190	3,190	3,190	
4242	Maintenance and Repairs - Administrative				
4243	Premiums on Surety/Fidelity Bonds (Insurance)	1,500	1,500	1,500	
4245	Software & Licensing - Administration				
4246	Supplies & Materials - Administration	9,700	9,700	13,200	
4247	Training Costs - Administrative				
4248	Travel - Administrative				
4249	Uniforms - Administrative		1,000	1,000	
4250	Telephone Costs - Administrative				
4251	Telecomm Cell Phones and Pagers - Administrative				
4252	Cable / Internet Charges - Administrative				
4253	Vehicle Expenses - Administrative				
4254	Vehicle Fuel - Administrative				
4299	Other Admin Services and Expenses	2,250	2,250	2,250	

HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Acct #	Account Name	Prior Year FY 2019-20	Current Year FY 2020-21	Proposed Year FY 2021-22	Explanation of departures from the current pattern.
4300	**Building And Facilities (Major Category)**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
4305	Equipment - Facilities (Not Capitalized0				
4307	Utilities	16,700	16,700	16,700	
4333	Maintenance and Repairs-Buildings and Facilities	20,320	20,320	20,320	Pest Control Janitorial Serv. & Supp
4337	Building And Facilities Costs				
4338	Insurance-Buildings and Contents	4,005	4,005	4,005	
4339	Maintenance & Warranty Contracts				
4340	Supplies and Materials - Buildings and Faclilities				
4399	Other Building and Facilities Cost	4,000	5,000	5,000	
4400	**Communicatins - Operations (Major Category)**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
4405	Dues and Memberships - Operations	2,000	2,000	2,000	
4406	Employee Testing and Exams - Operations	800	800	800	
4410	Insurance-Equipment (non-Administrative)				
4413	Communications Licenses and Fees				
4418	Training Expenses - Communications Operations	20,000	14,000	14,000	
4419	Travel Expenses - Communications Operations	23,000	23,000	23,000	
4422	Addressing/Mapping/Database Consultants	34,475	25,000	25,000	
4423	Addressing/Mapping/Database Supplies				
4424	Cable / Internet Charges - Communications	5,000	5,000	6,500	
4426	Certification/Recertifications Fees				
4427	Equipment - Communications (not capitalized)	52,000	52,000	52,000	
4430	Language Interpreting	400	400	400	
4431	Maintenance and Warranty Contracts				
4432	Maintenance and Repairs Communications	14,000	14,000	10,000	
4433	NCIC/TBI/TIES Expenses	3,000	3,000	5,000	
4434	Software & Licensing - Communications				
4435	Supplies, Materials & Services - Communications				
4436	Uniforms - Communications				
4437	Telephone Costs (Call Center Lines)	11,400	11,400	11,400	
4439	Vehicle Expenses - Operations	3,795	3,795	4,795	Includes Vehicles Insurance
4440	Vehicle Fuel - Operations	3,000	3,000	3,000	
4499	Communications - Operations Other				
4500	Depreciation: Major Category)				
4501	**Depreciation:**	125,000	200,000	200,000	
4601	**Amortization:**				
	Total Other Than Payroll Operating Expenses	404,510	571,391	585,226	
	Total Operating Expenses	1,485,077	1,685,895	1,844,401	

5000	**NON-Operating Revenues (Expenses):**	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
5001	Investment Income				
5002	Interest Income	3,000	3,000	2,000	
5003	Net Increase (Decrease) in the Fair Value of Investments				
5004	Primary Government Subsidies	447,669	447,669	447,669	
5005	Other Governments / Agencies Subsidies	13,450	13,450	13,450	
5006	TECB Subsidies	28,000	319,922	340,398	
5007	Federal Government Grants				
5008	Gain (Loss) on Disposal of Property				
5010	Interest Expense				
5012	Rental Income				
5013	Insurance Proceeds				
5015	Impairment Loss				
5017	Local Government Grants				
5018	State Grants				
5099	Other Non-Operating Revenue	1,000	1,000	1,000	

HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Acct #	Account Name	Prior Year FY 2019-20	Current Year FY 2020-21	Proposed Year FY 2021-22	Explanation of departures from the current pattern.
	NON-Operating Revenues (Expenses): (continued)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
6000	**Capital Contributions**				
6001	Primary Government Capital Contributions				
6002	Other Local Governments Capital Contributions				
6003	TECB Capital Contributions				
	Total NON-Operating Revenues and Losses	493,119	785,041	804,517	
	Total Revenues and Losses	1,414,133	1,763,656	1,758,506	
	Total Operating Expenses	1,485,077	1,685,895	1,844,401	
	Change in Net Position	(70,944)	77,761	(85,895)	
	Additional Funding Source:			XXXXXXXXXX	
	Reserves (Fund Balance)			85,895.00	
	Total Other Funding			85,895.00	
	Balanced Budget (Should be Zero or positive)			0.00	

Acct #	Account Name	Prior Year FY 20__	Current Year FY 20__	Proposed Year FY 20__	
	Statement of Capital Projects:	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
	Capital Assets Not Being Depreciated (In Process)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
1351	Land				
1352	Construction in Progress				
1353	Other Capital Assets				
	Capital Assets Being Depreciated (In Process)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
1302	Buildings and Improvements				
1304	Furniture and Fixtures				
1306	Office Equipment				
1308	Communications Equipment				
1310	Vehicles				
1312	Leasehold Improvements				
1320	Other Capital Assets				
	Capital Assets (In Process)	0	0	0	
		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
	Capital Assets Not Being Depreciated (Planned)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
1351	Land				
1352	Construction in Progress				
1353	Other Capital Assets				
	Capital Assets Being Depreciated (Planned)	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
1302	Buildings and Improvements				
1304	Furniture and Fixtures				
1306	Office Equipment				
1308	Communications Equipment				
1310	Vehicles				
1312	Leasehold Improvements				
1320	Other Capital Assets				
	Capital Assets (Planned)	0	0	0	
	Total Capital Projects Budget	0	0	0	

Statement of Bonded and Other Indebtedness:

2203	Notes Payable--Long-term				
2210	Other Long-term Liabilities				
	Total Cost of Liabilities	0	0	0	

Debt Type	Debt Owed To:	Amount	
	Total Debt	0	

HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Employee Positions Schedule

Count vacant positions, as well as employed personnel, but only include personnel for which the ECD is the employer.

Number of Positions	**Use column at right for detailed listing. Subtotal will automatically appear in column at left.**		Number of Positions	
	Director			
0	Administrative Personnel Subtotal		XXXXXXXXXX	
XXXXXXXX		Administrative Assistant Staff		
XXXXXXXX		Office Staff		
XXXXXXXX		Accounting/Bookkeeping Staff		
XXXXXXXX		Mapping Staff		
XXXXXXXX		Technology Staff		
XXXXXXXX		Other		
0	Dispatchers		XXXXXXXXXX	
XXXXXXXX		Shift/Lead Supervisors		
XXXXXXXX		Full-time		
XXXXXXXX		Part-time		
XXXXXXXX		Other		
0	Telecommunicators/Calltakers		XXXXXXXXXX	
XXXXXXXX		Shift/Lead Supervisors		
XXXXXXXX		Full-time		
XXXXXXXX		Part-time		
XXXXXXXX		Other		
	Data Processing Personnel		XXXXXXXXXX	
	Custodial Personnel		XXXXXXXXXX	
	Maintenance Personnel		XXXXXXXXXX	
0	Other Established Positions (listed here)			
XXXXXXXX				
XXXXXXXX				
XXXXXXXX				
0	Total			

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 3

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Hamblen County Health Department
Ashley Lyons, County Director
331 West Main Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for support in the Hamblen County budget, please sign below to confirm these are the amounts you will be requesting for the 2022-2023 fiscal year. Return this signed letter to the Hamblen County Mayor's office by **Friday, March 18, 2022**.

Department	Amount Requested	Approved By
Local Direct	~~$ 66,267~~ $65,000	Ashley Lyons
Tennessee Department of Health	~~$115,233~~ $116,500	Ashley Lyons

Please understand that this letter does not guarantee that you will receive support. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst (AH)
Anne Bryant-Hurst
Hamblen County Finance Director

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

AGREEMENT

BETWEEN

TENNESSEE DEPARTMENT OF HEALTH

AND

HAMBLEN

COUNTY

This agreement is entered into this first day of July, 2021, between the Tennessee Department of Health, hereinafter referred to as the STATE and Hamblen County, hereinafter referred to as the COUNTY.

WHEREAS, it is the vision of the Tennessee Department of Health to be in the top ten states in the nation for health, and

WHEREAS, it is the mission of the Tennessee Department of Health to protect, promote, and improve the health and prosperity of the people in Tennessee through the prevention of conditions that may be a threat to health, individually and collectively, and through the treatment of conditions that have already affected the health of Tennesseans, and

WHEREAS, TCA 68-2-901, provides a means for a State and County effort to accomplish these mutual goals through the delivery of health services through the local health departments.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this agreement according to the provisions set out herein:

A. THE COUNTY AGREES:

1. To appropriate a total of $181,500 for support of the Hamblen County Health Department. This amount consists of:

    a. $66,267 Direct-Local funds (for which the COUNTY shall not be billed); in accordance with Item 3 below.

    b. $115,233 of appropriation for which the COUNTY shall be billed in accordance with item (3) below.

2. To use revenues generated from the provision of health services toward the support of the County Health Department
3. To pay the STATE biannually one half of the total county funds appropriated for the purposes of this contract as identified in Item 1 (b) above. Payments are to be received by the STATE no later than the last day of January for the first payment, and no later than the last day of April for the second payment (Jan. 31, and Apr.30 respectively).
4. To report all local expenditures to the STATE quarterly.
5. To submit to the STATE a duly signed and executed county agreement.

B. THE STATE AGREES:

1. To provide a total of $1,064,200 in support of the Hamblen County Health Department.
2. Upon written request, to provide a reporting of all expenditures and revenues.

C. BOTH PARTIES AGREE:

1. It is further agreed that the funds shall be used to pay salary, longevity, fringe benefits, travel, meals and/or lodging and other necessary expenses. The salary and travel, meals and/or lodging payments shall be paid in accordance with State regulations, policies and procedures, and subject to funding availability.
2. The term of this agreement will begin July 1, 2021, and shall extend through June 30, 2022.
3. This agreement may be amended in accordance with procedures established by the Commissioner of the Tennessee Department of Health. All amendments must be reduced to writing.

Approved:

County Health Director

Regional Public Health Director

Fiscal Officer of Local
Appropriating Authority

Assistant Commissioner, Community
Health Services

Commissioner, Department of Health

FY2022-23 Budget

Hamblen County

Tab 4

ALPS
Adult Day Services

RECEIVED
FEB 28 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

600 N. Daisy Street, Morristown, TN 37814
423.587.9149 • Fax: 423.587.9234
www.alpsadultdayservices.org

Bill Brittain
Hamblen County Mayor
511 West Second North Street
Morristown, TN 37814

Dear Mayor Brittain:

ALPS greatly appreciates the past support from the Hamblen County Government and is hopeful that you will continue to support this mission. ALPS has proven to be an asset to this community for 36 years. It would be difficult to measure the cost to the county and other county funded services if the mission of ALPS wasn't provided. In our most recent fiscal year 70% of our Participants, called Hamblen County their home. With the community support, we discounted our services over $165,000 to those Hamblen County residents.

We would greatly appreciate the support from the county and respectfully ask for an annual increase of $2,000.00 for a total of $7,000.00 this year. Dealing with our communities most vulnerable has been a privilege, but the financial impact has been tough. We pride ourselves on being the best steward of every dollar allocated and 100% of this will go to further offset our sliding scale expense. It's important to note all funds raised through fundraising and county allocations will remain here in Hamblen County serving this community.

Between staff shortages due to illness, supply chain shortages and cost increases, no support coming from our state and federal government. This fiscal year has been much more difficult to manage, than during the height of the pandemic. Though the support from the local community and your continued support we are thankfully able to continue our mission of serving those most vulnerable in Hamblen County.

When considering this year's budget allocation for ALPS, should there be one, consider the impact on these family caregivers, and the impact on the county's other funded services such as E-911, Volunteer Fire, and EMS, and the Sheriff's department, if ALPS were not here performing their mission. By increasing your support of our mission, the gains the county will receive in return are immeasurable.

Sincerely,

Mahon J. Fritts
Chief Executive Officer

Love Grows Here!

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

ALPS
Mahon Fritts
600 North Daisy Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $5,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service

Date: September 26, 2003

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Yvette Davis 31-07751
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
58-1726410

Alzheimers Lakeway Program Inc.
600 N. Daisy St.
Morristown, TN 37814-4416

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on September 25, 1986. We have updated our records to reflect the name change as indicated above.

In September 1987, we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Alzheimers Lakeway Program Inc.
58-1726410

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing.
For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

ALPS ADULT DAY SERVICES

FINANCIAL STATEMENTS

Year ended December 31, 2020

ALPS ADULT DAY SERVICES

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Purkey, Carter, Compton, Swann & Carter, PLLC

Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ALPS Adult Day Services
Morristown, Tennessee

We have audited the accompanying financial statements of ALPS Adult Day Services, a non-profit organization, which comprise the statement of financial position as of December 31, 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.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALPS Adult Day Services as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, Tennessee
July 19, 2021

ALPS ADULT DAY SERVICES
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	
Cash	$ 288,041
Accounts receivable	41,683
Unconditional promises to give	10,984
Prepaid expense	12,742
Investments	236,523
Cash restricted for long-term use	13,350
Property and equipment, net	1,842,468
Utility deposit	1,650
TOTAL ASSETS	$ 2,447,441
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 12,239
Accrued payroll	20,953
Accrued payroll taxes	2,354
Economic injury disaster loan	152,306
Mortgage payable	1,335,876
TOTAL LIABILITIES	1,523,728
NET ASSETS	
Net assets without donor restrictions:	
Undesignated	899,379
Net assets with donor restrictions	24,334
TOTAL NET ASSETS	923,713
TOTAL LIABILITIES AND NET ASSETS	$ 2,447,441

See accompanying notes to financial statements.

ALPS ADULT DAY SERVICES
STATEMENT OF ACTIVITIES
Year ended December 31, 2020

REVENUES, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions			
United Way	$ 2,466	$ 225	$ 2,691
Donations	43,157	5,000	48,157
Grant income	1,150	916	2,066
Local governments	8,250	9,750	18,000
Client fees	413,993	-	413,993
USDA	24,318	-	24,318
Investment income	4,477	-	4,477
FFCRA employee sick leave	9,993	-	9,993
Economic injury disaster loan advance	10,000	-	10,000
Paycheck protection program income	131,782	-	131,782
COVID retainer fees	23,565	-	23,565
Supplemental employer recovery grant	30,000	-	30,000
HRSA provider support	9,308	-	9,308
Special events revenue	115,702	-	115,702
Less: Cost of direct benefit to donors	(32,100)	-	(32,100)
Unrealized loss on investment	(6,564)	-	(6,564)
Net assets released from restrictions			
Satisfied by time - United Way	1,034	(1,034)	-
Satisfied by purpose	10,983	(10,983)	-
Satisfied by time - Government	6,500	(6,500)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	808,014	(2,626)	805,388
EXPENSE			
Program services			
Adult day care services	711,520	-	711,520
Supporting services			
Management and general	124,783	-	124,783
Fundraising	63,308	-	63,308
TOTAL EXPENSE	899,611	-	899,611
CHANGE IN NET ASSETS	(91,597)	(2,626)	(94,223)
NET ASSETS AT BEGINNING OF YEAR	990,976	26,960	1,017,936
NET ASSETS AT END OF YEAR	$ 899,379	$ 24,334	$ 923,713

See accompanying notes to financial statements.

ALPS ADULT DAY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

	Program Services	Supporting Services			
	Adult Day Care Services	Management and General	Fundraising	Direct Fundraising Costs	Total
Salaries	$ 433,578	$ 86,305	$ 50,915	$ -	$ 570,798
Employee benefits	5,816	1,158	683	-	7,657
Payroll taxes	31,871	6,344	3,743	-	41,958
Total salaries and related expenses	471,265	93,807	55,341	-	620,413
Utilities	23,653	986	-	-	24,639
Repairs and maintenance	26,610	1,109	-	-	27,719
Interest	47,859	9,527	5,620	-	63,006
Telephone	6,279	1,250	737	-	8,266
Office expense	8,010	1,594	941	-	10,545
Postage and printing	-	1,083	-	-	1,083
Investment fees	-	2,847	-	-	2,847
Advertising	9,492	396	-	-	9,888
Professional fees	-	5,925	-	-	5,925
Insurance	15,931	664	-	-	16,595
Activities	4,996	-	-	-	4,996
Travel	5,401	1,800	-	-	7,201
Meals	22,398	-	-	-	22,398
Supplies	5,699	1,134	669	-	7,502
Bad debts	60	-	-	-	60
Depreciation	63,867	2,661	-	-	66,528
Cost of direct benefit to donors	-	-	-	32,100	32,100
TOTAL EXPENSE	$ 711,520	$ 124,783	$ 63,308	$ 32,100	$ 931,711
Less expenses included with revenue on the statement of activities	-	-	-	(32,100)	(32,100)
Total expenses included in the expense section of the statement of activities	$ 711,520	$ 124,783	$ 63,308	$ -	$ 899,611

See accompanying notes to financial statements.

ALPS ADULT DAY SERVICES
STATEMENT OF CASH FLOWS
Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (94,223)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	66,528
Bad debts	60
Unrealized loss on investments	6,564
Interest conversion to principal	2,407
(Increase) decrease in operating assets:	
Accounts receivable	26,994
Unconditional promises to give	(2,370)
Prepaid expenses	(7,949)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,592)
Accrued wages	2,802
Accrued payroll taxes	588
NET CASH USED IN OPERATING ACTIVITIES	(191)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(21,284)
Purchase of land and building	(112,325)
Purchase of investments	(1,279)
NET CASH USED IN INVESTING ACTIVITIES	(134,888)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on debt	(18,039)
Proceeds from construction loan	94,630
Proceeds from EIDL	149,900
NET CASH PROVIDED BY FINANCING ACTIVITIES	226,491
NET INCREASE IN CASH AND RESTRICTED CASH	91,412
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	209,979
CASH AND RESTRICTED CASH AT END OF YEAR	$ 301,391
Supplemental Disclosures:	
Noncash financing activity: EIDL interest conversion to principal	$ 2,407
Interest paid	$ 60,599

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Alzheimer's Lakeway Program, Inc. was organized as a nonprofit corporation under the laws of the State of Tennessee in 1986. The Organization amended its charter to change its name to ALPS Adult Day Services on April 27, 2005. The Organization provides adult day care services for people with memory loss and/or physical problems, provides mutual support of victims, families and friends of Alzheimer's disease and related disorders and promotes public education and local research on these diseases.

Basis of Accounting

The financial statements of ALPS Adult Day Services have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk

The Organization's concentrations of credit risk consist principally of accounts receivable and promises to give. Credit is granted to clients located throughout the area. The ability of these clients to perform on their credit is dependent on economic factors affecting the area.

The Organization does not require collateral from its customers. Concentrations of credit risk with respect to promises to give are dependent on factors affecting the economy in which contributors live and work.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Historically, differences between the amounts billed and collected have been insignificant. Accordingly, no provision is made for uncollectible amounts.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give, if necessary. The allowance is based on prior years' experience and management's analysis of the specific promises made.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for additions and major renewals are capitalized, while those for maintenance and repairs are charged to expenditures as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets and is reflected as an expense in the Statement of Functional Expenses. The capitalization threshold for property and equipment is $500 per unit.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less and certificates of deposit to be cash equivalents. The Organization had no cash equivalents at December 31, 2020.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total in the statement of cash flows as of December 31, 2020.

Operating cash	$ 288,041
Restricted by donors for scholarships	13,350
	$ 301,391

Contributed Services
During the year ended December 31, 2020, no contributed services met the requirements of ASC Topic 958 for recognition in the financial statements.

Investments
In accordance with ASC Topic 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Advertising
The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year ended December 31, 2020, totaled $9,888.

Interest Expense
Interest expense is charged to expense in the period in which it is incurred, with the exception of interest that is capitalized as part of construction during the year ended December 31, 2020.

Property Taxes
The Organization has been exempted from payment of city and county property taxes by the Tennessee State Board of Equalization.

Subsequent Events
The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - FUNDING

ALPS Adult Day Services receives a substantial amount of support from local governments and public support for operations. A major reduction of funds by the public and grantor agencies, should this occur, may have a significant effect on future operations.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2020, consist of the following:

City of Morristown	$ 9,750
Jefferson County – United Way	300
Holston Presbytery	934
	$ 10,984

Differences between amounts promised and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts. All promises to give are due within one year.

NOTE D - INVESTMENTS

Investments at December 31, 2020, consist of the following:

	Fair Value	Investment Cost Basis	Unrealized Appreciation (Depreciation)
Marketable Equity Securities	$ 78,020	$ 64,103	$ 13,917
Money Market Account	48,173	48,173	-
Fixed Income Bonds	110,330	108,051	2,279
	$ 236,523	$ 220,327	$ 16,196

The Organization follows the provisions of FASB ASC 820-10 which defines fair value and establishes a fair value hierarchy based on the quality of measurement inputs. These measurement inputs are as follows:

Level 1 - Inputs are quoted prices in active markets for identical investments as of the reporting date. Investments in this category include equities traded on an active exchange, as well as U.S. Treasury and other U.S. government and agency mortgage backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Inputs are observable for the investments, directly or indirectly, as of the reporting date. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level 3 - Inputs are unobservable and reflect assumptions on the part of the reporting entity. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

Fair values for the above investments are determined by reference to quoted prices in active markets for identical assets (Level 1 within the fair value measurement hierarchy) and reported on a recurring basis.

NOTE E - CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash in the amount of $13,350 at December 31, 2020, consists of funds restricted by donors for scholarships and organizational projects all with the expectancy of occurrence in the long term.

NOTE F - PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on December 31, 2020, consisted of the following:

Land	$ 262,539
Building	2,108,842
Furnishings & equipment	227,395
Vehicle	17,923
	2,616,699
Less accumulated depreciation	(774,231)
Net property & equipment	$ 1,842,468

Depreciation expense for the year ended December 31, 2020, was $66,528.

NOTE G - ACCOUNTS RECEIVABLE

Accounts receivable of $41,683 at December 31, 2020, consists of amounts due for adult day care services and fundraising support. No allowance for uncollectible accounts receivable was considered necessary.

NOTE H - DEBT

ALPS Adult Day Services refinanced a construction loan from the prior fiscal year into a loan of $1,000,000 at an annual interest rate of 4.5%, with monthly payments of $5,106 until the maturity date of October 23, 2024. Prepayment amounts are allowed and offset the principal amount. The outstanding balance at December 31, 2020, is $985,307. The Organization has another loan of $357,130 at an annual interest rate of 4.5%, with monthly payments of $2,272 until the maturity date of February 22, 2025. Prepayment amounts are allowed and offset the principal amount. The outstanding balance at December 31, 2020, is $350,569.

Interest expense incurred during the year for these loans amounted to $60,599, of which none was capitalized.

Subsequent to year-end on June 10, 2021, the Organization consolidated the two aforementioned loans at Heritage Community Bank for a total principal balance of $1,332,081. The maturity date of the loan is June 10, 2026, with a variable rate of interest. The initial interest rate is 3.5% per annum and may change beginning June 11, 2021, and every day thereafter. The initial monthly payment is $7,761 and may change beginning June 10, 2021, and every month thereafter. Prepayment amounts are allowed and offset the principal amount.

As of December 31, 2020, future maturities of the aforementioned debt are as follows:

2021	$ 23,442
2022	48,091
2023	49,801
2024	51,572
2025	53,407
Thereafter	1,105,768
Total	$ 1,332,081

NOTE I - OPERATING LEASE

During 2018, the Organization entered into an operating lease for certain office equipment requiring rent and insurance of approximately $403 monthly. Included in repair and maintenance expenses is lease expense of $4,836 as of December 31, 2020. The lease is year to year and automatically renews subject to the Organization's approval. No future minimum lease payments exist due to structure of agreement.

NOTE J - PAYCHECK PROTECTION PROGRAM LOAN

On April 19, 2020, the Organization was granted a loan from First Horizon Bank, in the amount of $131,782, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. This loan was forgiven by the Small Business Administration as of December 31, 2020, and has been recorded as income on the Statement of Activities.

NOTE K - ECONOMIC INJURY DISASTER LOAN

On June 10, 2020, the Organization obtained an Economic Injury Disaster Loan (EIDL) from the Small Business Administration in the amount of $149,900, pursuant to Section 7(b) of the Small Business Act. The proceeds from the loan are to be used for working capital purposes. Interest accrues at the rate of 2.75% per annum. Installment payments, including principal and interest, are due monthly beginning June 8, 2022, in the amount of $641. The balance of principal and interest is payable thirty years from the date of the note. The outstanding balance as of December 31, 2020, is $152,306, including accrued interest since the date of the loan.

At December 31, 2020, future maturities of the aforementioned debt are as follows:

2021	$ -
2022	2,095
2023	3,671
2024	3,773
2025	3,878
Thereafter	138,889
Total	$ 152,306

Interest expense incurred during the year for this loan amounted to $2,407 of which none was capitalized.

In connection therewith, the Organization received a $10,000 advance, which does not have to be repaid, and is included as income on the Statement of Activities for the year ended December 31, 2020.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Subject to time restrictions:	
City of Morristown - 2020 funding	$ 9,750
Jefferson County - United Way	300
Subject to purpose restrictions:	
Walters Foundation - Herbert Walter Scholarship	2,299
Holston Presbytery - hunger grant	934
CNS Y-12 – scholarship	6,051
Tyler Swanson – scholarship	5,000
	$ 24,334

NOTE M - EMPLOYEE BENEFIT PLANS

The Organization maintains a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the plan, employees may make contributions up to the maximum amount allowed by the Internal Revenue Service. The Organization makes discretionary contributions to the plan as determined by the board of directors. There were no plan expenses for the year ended December 31, 2020.

The Organization adopted a medical expense reimbursement plan under Internal Revenue Code Section 105 covering full-time employees who have been employed full-time for no less than six months. Pursuant to Internal Revenue Code Section 105, the

plan provides for reimbursement of eligible current medical expenses not otherwise covered under insurance or other forms of reimbursement. Reimbursements received by the employees are not taxable and are limited to $50 per month per employee. Any unused balance cannot be carried over. Medical reimbursement expense for the year ended December 31, 2020, totaled $6,268, which is included in employee benefits.

NOTE N - LIQUIDITY

ALPS Adult Day Services has $329,724 of financial assets, consisting of cash of $288,041 and accounts receivable of $41,683, available within one year of the Statement of Financial Position date to meet cash needs for general expenditures. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

The Organization has promises to give in the amount of $10,984 restricted by time and when payment is received can be used for general expenditures. During the current fiscal year, the Board of Directors of the Organization undesignated funds for long-term capital expansion into surrounding counties in the amount of $151,216.

NOTE O - RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus Disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the organization could be material.

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ALPS Adult Day Services
Profit & Loss Budget Overview
January through December 2022

	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	TOTAL Jan - Dec 22
Income													
3020 · Revenue-Fees	44,800.00	44,075.00	59,548.00	56,580.00	59,940.00	69,874.00	66,700.00	82,778.00	76,780.00	82,504.00	77,648.00	70,709.00	791,936.00
3030 · Advertise-Newsletter-Caregiver	1,500.00	2,500.00	3,000.00										7,000.00
3035 · Donations-Program	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	16,200.00
3045 · USDA	2,520.00	2,610.00	2,880.00	3,150.00	3,330.00	3,510.00	3,690.00	3,960.00	4,230.00	4,320.00	4,500.00	4,590.00	43,290.00
3050 · United Way	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
3055 · Government							5,000.00		3,250.00			3,250.00	11,500.00
3060 · Fundraisers	12,250.00	9,500.00	44,500.00	24,000.00	7,500.00	4,500.00	24,000.00	4,500.00	12,500.00	3,500.00	17,500.00	3,500.00	167,750.00
3069 · Social Impact	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	540.00
3070 · Interest & Dividends	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
3080 · Special Grants					1,000.00								1,000.00
Total Income	63,815.00	61,430.00	112,673.00	86,475.00	74,515.00	80,629.00	102,135.00	93,983.00	99,505.00	93,069.00	102,393.00	84,794.00	1,055,416.00
Gross Profit	63,815.00	61,430.00	112,673.00	86,475.00	74,515.00	80,629.00	102,135.00	93,983.00	99,505.00	93,069.00	102,393.00	84,794.00	1,055,416.00
Expense													
6030 · Activities	485.00	485.00	521.00	564.00	582.00	582.00	600.00	686.00	704.00	704.00	722.00	1,122.00	7,757.00
6040 · Advertising/Marketing	936.00	921.50	1,230.96	1,171.60	1,238.80	1,437.48	1,374.00	1,695.56	1,575.60	1,690.08	1,592.96	1,454.18	16,318.72
6043 · Maintenance	875.00	1,875.00	4,175.00	2,875.00	875.00	875.00	875.00	875.00	875.00	875.00	875.00	875.00	16,800.00
6050 · Bank Service Charges	295.00	295.00	295.00	295.00	295.00	295.00	295.00	295.00	295.00	295.00	295.00	295.00	3,540.00
6070 · Custodial	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	5,400.00
6075 · Equipment	675.00	675.00	675.00	675.00	675.00	675.00	675.00	675.00	675.00	675.00	675.00	675.00	8,100.00
6080 · Fundraising	9,500.00	2,000.00	7,800.00	16,130.00	200.00	200.00	2,500.00	600.00	1,000.00	100.00	100.00	100.00	40,230.00
6140 · Insurance	3,900.00		600.00	12,300.00									16,800.00
6165 · Interest	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	7,760.60	93,127.20
6170 · Licensing	400.00		35.00	36.00	100.00	36.00	40.00		350.00				997.00
6180 · Meals (USDA)	2,509.20	2,259.10	2,886.40	3,013.50	2,882.30	3,517.80	3,698.20	3,788.40	3,854.00	4,329.60	3,690.00	3,763.80	40,192.30
6190 · Miscellaneous	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	5,650.00	6,750.00
6200 · Office Supplies	640.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	1,905.00
6210 · Postage	110.00	55.00	55.00	110.00	55.00	55.00	110.00	55.00	55.00	110.00	55.00	55.00	880.00
6240 · Wages	41,653.00	41,653.00	41,653.00	42,905.00	42,905.00	53,631.00	42,905.00	42,905.00	42,905.00	42,905.00	53,631.00	42,905.00	532,556.00
6245 · Fringe Benefits	4,165.30	4,165.30	4,165.30	4,290.50	4,290.50	5,363.10	4,290.50	4,290.50	4,290.50	4,290.50	5,362.50	4,290.50	53,255.00
6270 · Professional Fees							6,000.00						6,000.00
6335 · Subscriptions/memberships	535.00	125.00	235.00	135.00	185.00	125.00	285.00	135.00	385.00	135.00	135.00	135.00	2,550.00
6340 · Telephone	825.00	825.00	825.00	825.00	825.00	825.00	825.00	825.00	825.00	825.00	825.00	825.00	9,900.00
6360 · Travel / Training	360.00	360.00	360.00	360.00	2,160.00	10,160.00	360.00	360.00	360.00	360.00	360.00	360.00	15,920.00
6363 · Travel - trans. fees-VA clients	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	775.00	9,300.00
6370 · Utilities	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,550.00	2,600.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	31,400.00
6380 · Volunteer/Board	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
6900 · Depreciation Expense	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	64,800.00
Total Expense	84,999.10	72,944.50	82,762.26	102,936.20	74,519.20	95,027.98	82,133.30	74,586.06	75,549.70	74,694.78	85,719.06	79,806.08	985,678.22
Net Income	-21,184.10	-11,514.50	29,910.74	-16,461.20	-4.20	-14,398.98	20,001.70	19,396.94	23,955.30	18,374.22	16,673.94	4,987.92	69,737.78

FY2022-23 Budget

Hamblen County

Tab 5

McNabb Center
200 Tech Center Drive • Knoxville, TN 37912 • (865)637-9711 • (800)255-9711 • mcnabbcenter.org

February 28, 2022

Anne Bryant-Hurst
Finance Director
Hamblen County
511 West Second North Street
Morristown, TN 37814

Ms. Bryant-Hurst,

Enclosed please find the Request for Funding Application and supporting documentation from the McNabb Center, Inc. We respectfully request a total of $8,500 in funding for the Youth Emergency Shelter ($2,500) and New Hope Recovery ($6,000).

Please note a contact name and address change:

Shelby Graves
McNabb Center
200 Tech Center Drive
Knoxville, TN 37912

McNabb Center looks forward to working with you and the great Hamblen County. If you have any questions please feel free to contact me.

Sincerely,

Shelby Graves

Shelby Graves
Executive Assistant to the CEO

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Helen Ross McNabb Center
Jason Lay, Director of Funding
310 W. 3rd North Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $5,500

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

IRS Department of the Treasury
Internal Revenue Service

ATLANTA GA 39901-0001

In reply refer to: 0752858409
Jan. 21, 2020 LTR 4168C 0
62-0548914 000000 00
00017617
BODC: TE

THE HELEN ROSS MCNABB CENTER
201 W SPRINGDALE AVE
KNOXVILLE TN 37917-5158

011739

Employer ID number: 62-0548914
Form 990 required: YES

Dear Taxpayer:

We're responding to your request dated Jan. 09, 2020, about THE HELEN ROSS MCNABB CENTER

We issued you a determination letter in AUGUST 1953, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

0752858409
Jan. 21, 2020 LTR 4168C 0
62-0548914 000000 00
00017618

THE HELEN ROSS MCNABB CENTER
201 W SPRINGDALE AVE
KNOXVILLE TN 37917-5158

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

Teri M. Johnson
Operations Manager, AM Ops. 3

HELEN ROSS McNABB CENTER, INC.

Knoxville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

PUGH CPAs

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

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INTRODUCTORY SECTION

HELEN ROSS McNABB CENTER, INC.

ROSTER OF OFFICIALS

Board of Directors

Amy Cathey, Chair
Wade Davies, Chair-Elect
Richard Stair, Past Chair
Andrea White, Treasurer
Clarence Vaughn, Secretary
Whit Addicks
Rebecca Ashford
Heidi Barcus
Eden Bishop
Jenny Brock
Jerry Epps
Scott Ferguson
Joe Johnson
Dale Keasling
George Kershaw
Randy Miller
Brian Rauch
Cindy Sexton
Laura Shamiyeh
Mitch Steenrod
Carl Van Hoozier

Jerry Vagnier, Chief Executive Officer

Jason Lay, CPA, Chief Financial Officer

FINANCIAL SECTION

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Helen Ross McNabb Center, Inc. (a nonprofit organization) and affiliate which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helen Ross McNabb Center, Inc. and affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Member of AICPA

An Independently owned member
RSM US Alliance

TSCPA
Members of the Tennessee Society
Of Certified Public Accountants

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal and state awards on pages 23 through 29, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the consolidating schedules, are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting and on our tests of their 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 our 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 Helen Ross McNabb Center'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 Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 20,505,306	$ 17,145,464
Short-Term Investments	0	1,986,740
Receivables, Net	9,213,036	6,751,518
Pledges Receivable, Net	1,387,505	1,392,354
Prepaid Expenses	415,024	292,187
Total Current Assets	31,520,871	27,568,263
PROPERTY AND EQUIPMENT - NET	40,581,153	34,931,187
OTHER ASSETS		
Investments Restricted for Endowment	35,432,765	26,706,343
Long-Term Pledges Receivable, Net	623,608	825,569
Investments for Deferred Compensation Plans	958,311	588,841
Total Other Assets	37,014,684	28,120,753
TOTAL ASSETS	$ 109,116,708	$ 90,620,203
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,970,946	$ 1,666,515
Accrued Annual Leave	1,801,150	1,695,760
Accrued Salaries Payable	1,209,350	1,004,474
Other Accrued Liabilities	821,086	703,174
Deferred Revenue	323,520	320,603
Current Portion of Long-Term Liabilities	222,000	25,000
Total Current Liabilities	6,348,052	5,415,526
LONG-TERM LIABILITIES		
Note Payable	100,000	125,000
Grant Notes Payable	3,921,732	3,894,560
Lease Payable	598,000	0
Deferred Compensation Plans Payable	958,311	588,841
Total Long-Term Liabilities	5,578,043	4,608,401
TOTAL LIABILITIES	11,926,095	10,023,927
NET ASSETS		
Net Assets Without Donor Restrictions	75,551,348	62,970,697
Net Assets With Donor Restrictions	21,639,265	17,625,579
Total Net Assets	97,190,613	80,596,276
TOTAL LIABILITIES AND NET ASSETS	$ 109,116,708	$ 90,620,203

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PATIENT SERVICES REVENUE			
TennCare	$ 38,229,634	$ 0	$ 38,229,634
Medicare	1,365,306	0	1,365,306
Commercial Insurance	2,835,851	0	2,835,851
Private Pay	65,554	0	65,554
Less: Contractual Adjustments	(12,180,037)	0	(12,180,037)
	30,316,308	0	30,316,308
Direct Federal Assistance:			
Department of Housing and Urban Development	408,647	0	408,647
Department of Health and Human Services	949,547	0	949,547
Department of Justice	181,893	0	181,893
Department of Agriculture	66,429	0	66,429
Department of Labor	170,672	0	170,672
Board of Parole and Probation	21,707	0	21,707
	1,798,895	0	1,798,895
State of Tennessee:			
Department of Education	178,250	0	178,250
Department of Human Services	294,672	0	294,672
Treasury Department	58,290	0	58,290
Housing Development Agency	75,295	0	75,295
Department of Health	1,573,500	0	1,573,500
Office of Criminal Justice	1,899,466	0	1,899,466
Department of Children's Services	7,478,654	0	7,478,654
Department of Mental Health and Substance Abuse Services	19,334,296	0	19,334,296
	30,892,423	0	30,892,423
Other Grants	1,735,177	0	1,735,177
Local Governments:			
Knox County	2,846,263	0	2,846,263
Other Local Governments	1,470,210	0	1,470,210
	4,316,473	0	4,316,473
NET PATIENT SERVICES REVENUE	69,059,276	0	69,059,276

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CONTRIBUTIONS AND OTHER			
Contributions and Support	$ 168,887	$ 2,888,422	$ 3,057,309
Present Value and Allowance Adjustment of Contributions	20,105	0	20,105
United Way	1,858,860	0	1,858,860
Investment Return, Net	440,887	836,405	1,277,292
Unrealized Gain (Loss) on Investments	5,022,591	1,726,955	6,749,546
Gain (Loss) on Sale of Assets	206,068	0	206,068
Special Events, Net	512,328	0	512,328
Other Income	3,113,458	0	3,113,458
Total Contributions and Other	11,343,184	5,451,782	16,794,966
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	1,438,096	(1,438,096)	0
Total Revenues and Other Support	81,840,556	4,013,686	85,854,242
EXPENSES			
Program Services:			
Mental Health	24,107,364	0	24,107,364
Substance Abuse	7,970,842	0	7,970,842
Social Services	5,524,478	0	5,524,478
Crisis Services	7,028,534	0	7,028,534
Foster Care and Adoption	5,691,035	0	5,691,035
Early Intervention and Prevention	2,287,692	0	2,287,692
Justice Programs	3,866,490	0	3,866,490
Total Program Services	56,476,435	0	56,476,435
Supporting Services:			
Administrative and General	12,200,864	0	12,200,864
Fund Raising	582,606	0	582,606
Total Supporting Services	12,783,470	0	12,783,470
Total Expenses	69,259,905	0	69,259,905
INCREASE IN NET ASSETS	12,580,651	4,013,686	16,594,337
NET ASSETS, BEGINNING OF YEAR	62,970,697	17,625,579	80,596,276
NET ASSETS, END OF YEAR	$ 75,551,348	$ 21,639,265	$ 97,190,613

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PATIENT SERVICES REVENUE			
TennCare	$ 35,192,487	$ 0	$ 35,192,487
Medicare	1,232,683	0	1,232,683
Commercial Insurance	2,164,603	0	2,164,603
Private Pay	107,693	0	107,693
Less: Contractual Adjustments	(10,340,223)	0	(10,340,223)
	28,357,243	0	28,357,243
Direct Federal Assistance:			
Department of Housing and Urban Development	381,671	0	381,671
Department of Health and Human Services	1,007,988	0	1,007,988
Department of Justice	126,414	0	126,414
Department of Agriculture	56,868	0	56,868
Department of Labor	105,414		105,414
Board of Parole and Probation	21,378	0	21,378
	1,699,733	0	1,699,733
State of Tennessee:			
Department of Finance and Administration	150,000	0	150,000
Department of Education	131,093	0	131,093
Department of Human Services	73,836	0	73,836
Treasury Department	67,000	0	67,000
Housing Development Agency	84,200	0	84,200
Department of Health	1,288,267	0	1,288,267
Office of Criminal Justice	1,963,542	0	1,963,542
Department of Children's Services	7,417,619	0	7,417,619
Department of Mental Health and Developmental Disabilities	16,363,710	0	16,363,710
	27,539,267	0	27,539,267
Other Grants	2,233,405	0	2,233,405
Local Governments:			
Knox County	2,838,245	0	2,838,245
Other Local Governments	1,133,519	0	1,133,519
	3,971,764	0	3,971,764
NET PATIENT SERVICES REVENUE	63,801,412	0	63,801,412

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CONTRIBUTIONS AND OTHER			
Contributions and Support	$ 75,953	$ 3,327,751	$ 3,403,704
Present Value and Allowance Adjustment of Contributions	(40,855)	0	(40,855)
United Way	1,330,219	0	1,330,219
Investment Return, Net	651,862	279,182	931,044
Unrealized Gain (Loss) on Investments	138,252	97,443	235,695
Gain (Loss) on Sale of Assets	115,820	0	115,820
Special Events, Net	497,700	0	497,700
Other Income	3,769,137	0	3,769,137
Total Contributions and Other	6,538,088	3,704,376	10,242,464
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	1,981,615	(1,981,615)	0
Total Revenues and Other Support	72,321,115	1,722,761	74,043,876
EXPENSES			
Program Services:			
Mental Health	23,285,525	0	23,285,525
Substance Abuse	7,261,927	0	7,261,927
Social Services	5,122,482	0	5,122,482
Crisis Services	7,042,443	0	7,042,443
Foster Care and Adoption	5,441,672	0	5,441,672
Early Intervention and Prevention	1,913,022	0	1,913,022
Justice Programs	3,759,124	0	3,759,124
Total Program Services	53,826,195	0	53,826,195
Supporting Services:			
Administrative and General	11,503,991	0	11,503,991
Fund Raising	562,139	0	562,139
Total Supporting Services	12,066,130	0	12,066,130
Total Expenses	65,892,325	0	65,892,325
INCREASE (DECREASE) IN NET ASSETS	6,428,790	1,722,761	8,151,551
NET ASSETS, BEGINNING OF YEAR	56,541,907	15,902,818	72,444,725
NET ASSETS, END OF YEAR	$ 62,970,697	$ 17,625,579	$ 80,596,276

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 16,594,337	$ 8,151,551
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	(6,749,546)	(235,695)
Realized (Gain) Loss on Investments	(948,329)	(255,274)
Discount Amortization on Investments	(259)	(16,975)
(Gain) Loss on Disposal of Assets	(206,068)	(115,820)
Depreciation and Amortization	1,666,843	1,645,610
Forgiveness of Grant Note Payable	(272,750)	(262,750)
Donated Land	0	(140,650)
Net Changes in:		
Receivables, Net	(2,254,708)	15,300
Prepaid Expenses	(122,837)	(56,212)
Accounts Payable	304,431	406,338
Deferred Compensation	369,470	165,849
Accrued Salaries Payable	204,876	214,922
Other Accrued Liabilities	226,219	502,919
Net Cash Provided by Operating Activities	8,811,679	10,019,113
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	682,545	410,464
Purchase of Property and Equipment	(7,143,686)	(3,207,520)
Proceeds from Sale of Investments	14,780,701	10,173,550
Purchase of Investments	(14,046,319)	(11,285,689)
Net Cash Used in Investing Activities	(5,726,759)	(3,909,195)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	274,922	(25,000)
Net Cash Provided by (Used in) Financing Activities	274,922	(25,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,359,842	6,084,918
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,145,464	11,060,546
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,505,306	$ 17,145,464
Supplementary Disclosure of Noncash Activities:		
Issuance of Leases Payable and Grant Notes Payable	$ 795,000	$ 0

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services								Supporting Services		
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	Total
Salaries & Wages	$ 16,283,868	$ 4,482,853	$ 2,618,662	$ 4,496,364	$ 2,808,726	$ 1,388,691	$ 2,449,615	$ 34,528,779	$ 7,291,561	$ 363,323	$ 42,183,663
Employee Benefits & Payroll Taxes	4,047,019	1,134,638	670,352	1,143,157	692,652	356,723	618,016	8,662,557	1,996,087	98,908	10,757,552
Professional Fees	111,984	28,554	24,683	167,453	65,564	9,615	9,513	417,366	275,422	92	692,880
Supplies	404,951	945,255	343,135	309,634	201,527	172,061	95,841	2,472,404	456,312	17,991	2,946,707
Telephone	312,729	97,565	66,124	66,696	27,626	31,465	52,706	654,911	136,752	6,695	798,358
Postage	2,922	683	1,338	455	739	114	124	6,375	18,195	262	24,832
Occupancy	1,068,758	522,503	888,950	243,146	344,743	112,191	160,436	3,340,727	610,731	13,043	3,964,501
Equipment, Rental & Maintenance	328,956	108,079	88,484	86,572	61,382	31,039	53,538	758,050	533,973	23,087	1,315,110
Printing & Publications	20,134	5,981	2,653	3,566	686	3,053	1,071	37,144	25,834	332	63,310
Travel	317,499	70,634	33,677	35,592	84,281	57,543	95,943	695,169	92,804	6,609	794,582
Conferences & Meetings	52,355	14,979	9,364	21,331	11,545	11,373	11,544	132,491	37,962	788	171,241
Insurance	260,661	88,617	98,842	62,742	65,752	24,290	44,875	645,779	187,005	3,483	836,267
Grants & Awards	0	925	22,821	0	1,064,580	0	0	1,088,326	0	0	1,088,326
Specific Assistance to Individuals	310,856	57,330	238,258	21,623	84,484	50,664	115,814	879,029	0	0	879,029
In Kind Expenses	0	219,534	56,157	268,985	0	0	0	544,676	25,789	0	570,465
Depreciation	408,051	181,524	327,430	93,902	156,694	35,346	142,160	1,345,107	311,150	8,554	1,664,811
Other Non-personnel	85,227	11,188	33,548	7,316	20,054	3,524	15,294	176,151	188,537	676	365,364
Total Center	24,015,970	7,970,842	5,524,478	7,028,534	5,691,035	2,287,692	3,866,490	56,385,041	12,188,114	543,843	69,116,998
Foundation Operations	91,394	0	0	0	0	0	0	91,394	12,750	38,763	142,907
Total Foundation	91,394	0	0	0	0	0	0	91,394	12,750	38,763	142,907
TOTAL	$ 24,107,364	$ 7,970,842	$ 5,524,478	$ 7,028,534	$ 5,691,035	$ 2,287,692	$ 3,866,490	$ 56,476,435	$ 12,200,864	$ 582,606	$ 69,259,905

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services								Supporting Services		
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	Total
Salaries & Wages	$ 15,534,135	$ 4,203,619	$ 2,548,453	$ 4,428,249	$ 2,718,173	$ 1,144,059	$ 2,323,812	$ 32,900,500	$ 7,009,642	$ 331,199	$ 40,241,341
Employee Benefits & Payroll Taxes	3,872,933	1,051,981	640,543	1,102,438	654,889	288,447	564,719	8,175,950	1,919,520	97,453	10,192,923
Professional Fees	138,994	95,192	40,517	216,742	65,756	11,613	70,193	639,007	182,221	738	821,966
Supplies	434,955	742,268	181,468	298,378	201,997	127,828	94,465	2,081,359	368,139	8,261	2,457,759
Telephone	261,140	85,812	58,746	48,510	23,266	19,371	41,514	538,359	92,907	5,424	636,690
Postage	3,503	133	536	499	391	438	143	5,643	15,563	387	21,593
Occupancy	1,045,044	452,198	740,834	326,273	276,298	55,372	145,267	3,041,286	499,790	9,257	3,550,333
Equipment, Rental & Maintenance	353,345	113,956	66,648	96,763	69,644	30,973	57,466	788,795	668,405	21,495	1,478,695
Printing and Publications	13,943	3,956	1,986	3,366	963	1,126	1,960	27,300	16,412	97	43,809
Travel	417,745	91,562	63,196	85,796	112,050	99,770	134,343	1,004,462	145,847	10,866	1,161,175
Conferences and Meetings	47,334	19,956	11,528	13,980	6,830	8,063	10,469	118,160	42,776	964	161,900
Insurance	269,601	86,239	105,864	69,707	66,191	22,833	45,517	665,952	149,734	26,218	841,904
Grants and Awards	0	1,500	18,178	0	1,046,044	0	0	1,065,722	115	0	1,065,837
Specific Assistance to Individuals	273,664	46,720	194,480	31,603	15,143	63,333	106,925	731,868	332	0	732,200
In-Kind Expenses	4,016	77,971	70,458	186,324	0	0	0	338,769	0	0	338,769
Depreciation	447,808	170,655	345,393	113,721	162,113	35,848	153,137	1,428,675	207,058	7,167	1,642,900
Other Non-Personnel	52,898	18,209	33,654	20,094	21,924	3,948	9,194	159,921	172,780	1,187	333,888
Total Center	23,171,058	7,261,927	5,122,482	7,042,443	5,441,672	1,913,022	3,759,124	53,711,728	11,491,241	520,713	65,723,682
Foundation Operations	114,467	0	0	0	0	0	0	114,467	12,750	41,426	168,643
Total Foundation	114,467	0	0	0	0	0	0	114,467	12,750	41,426	168,643
TOTAL	$ 23,285,525	$ 7,261,927	$ 5,122,482	$ 7,042,443	$ 5,441,672	$ 1,913,022	$ 3,759,124	$ 53,826,195	$ 11,503,991	$ 562,139	$ 65,892,325

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

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Helen Ross McNabb Center (the "Organization" or the "Center") is a private, not-for-profit community mental health center devoted to the diagnosis, treatment, prevention and rehabilitation of mental illness and is a health and welfare organization providing room, board, counseling and rehabilitation assistance to individuals involved in alcohol and drug detoxification programs in the East Tennessee area. Its primary sources of funding are state and federal public health programs and grants, local government programs, private support from individuals, businesses, and community organizations. These consolidated financial statements include the accounts of the Center and its subsidiary, McNabb Center, LLC (see Note 16).

These consolidated financial statements include the financial position and results of operations of the Helen Ross McNabb Mental Health Foundation, Inc. (the "Foundation"), the Center's affiliate. The Foundation solicits, receives, holds, administers, invests and disburses funds to be used for and on behalf of the Helen Ross McNabb Center, Inc., its facilities, and programs. These financial statements also include the accounts of the Foundation's subsidiary, HRMF, LLC (see Note 16).

Nonprofit organizations may hold ownership interests in other nonprofit entities. Consolidated statements are permitted but not required where control exists through a form other than majority ownership or majority voting interest in the board of the related entity. Consolidated financial statements may be prepared when not required if such consolidation would be meaningful. These consolidated financial statements are based on the assumption that they present the financial position and the change in net assets of a single entity.

Basis of Accounting - The consolidated financial statements of Helen Ross McNabb Center, Inc. and its affiliate have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

Estimates - The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Although these estimates are based on management's knowledge of current events and actions they may undertake in the future, actual results could vary from those estimates. Estimates are used when accounting for receivables, allocation of expenses, and contingencies, among others.

Reclassifications - Certain items in the 2020 financial statements have been reclassified to conform with the 2021 financial statements.

Principles of Consolidation - The consolidated financial statements include the accounts of Helen Ross McNabb Center, Inc. and the Helen Ross McNabb Mental Health Foundation, Inc. (the "Organization"). All significant inter-entity transactions and balances have been eliminated in the consolidation.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions.

Contributions are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such in the statement of activities.

Income Tax Status - Both the Center and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, both the Organization and the Foundation have been classified as organizations that are not private foundations under Section 509(a)(2). The Center and the Foundation file annual returns of organizations exempt from income taxes with the IRS.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of ninety days or less to be cash equivalents. Cash and cash equivalents exclude permanently restricted cash and cash equivalents.

Investments - The Organization's investments are carried at their estimated fair values in the statement of financial position. Fair value of the Organization's investments is based on quoted market prices. Investment transactions are recorded on trade date. Any realized and/or unrealized gain or loss is reported in the statement of activities. Dividend and interest income is accrued when earned.

Contributions and Pledges Receivable - Contributions are recognized as revenue by the Organization when the donor makes a promise to give that is in substance, unconditional. Pledges of contributions are recorded at their estimated net realizable value which includes adjusting receivables for uncollectible amounts and reducing the carrying amount of long-term pledges to their present value. Contributions are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increased in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such in the statement of activities. Deferred revenue represents funds received in advance for conditional program support.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on management's experience and management's judgment of collectability. Uncollectible amounts are written off and charged against the allowance at the point the receivable is deemed uncollectible by management. The provision for uncollectibles is computed based upon management's judgment and analysis of past collection experiences and other relevant factors, as necessary. The carrying amount of long-term pledges includes a discount to present value. The present value adjustment is determined using a discount rate approximately equivalent to treasury yields of similar maturity compounded monthly over the donor stipulated pledge period.

Revenue Recognition- The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* using the modified retrospective method for all contracts effective July 1, 2020. The Organization evaluated the nature, amount, timing and uncertainty of revenue and cash flows using the five-step process provided within ASU 2014-09, 1) Identify contract with the customer 2) Identify separate performance obligations 3) Determine the transaction price 4) Allocate the transaction price to the separate performance obligations 5) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue is primarily derived from services rendered to patients for inpatient care and residential treatment. The services provided have no fixed duration and can be terminated by the patient of the facility at any time, and therefore, each treatment is its own stand-alone contract.

Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Organization recognizes revenue as its performance obligations are completed. The performance obligation is satisfied over time as the patient simultaneously receives and consumes the benefits of the health care services provided. For inpatient services, the Organization recognizes revenue equally over the patient stay on a daily basis. For outpatient services, the Organization recognizes revenue equally over the number of treatments provided in a single episode of care. Typically, patients and third-party payors are billed within several days of the service being performed or the patient being discharged.

As our performance obligations relate to contracts with a duration of one year or less, the Organization elected the optional exemption in ASC 606-10-50-14(a). Therefore, the Organization is not required to disclose the transaction price for the remaining performance obligations at the end of the reporting period or when the Organization expects to recognize revenue. The Organization has minimal unsatisfied performance obligations at the end of the reporting period as patients typically are under no obligation to remain admitted in the facilities.

Premium Revenue - The Center has agreements with United HealthCare Community Plan, AmeriGroup, and BlueCare to provide TennCare mental health services to enrolled members. Under this agreement, the Center receives monthly case rate payments based on the number of clinical events performed by the Center. In addition, these organizations made fee-for-service payments to the Center for certain covered services based upon discounted fee schedules.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Patient Service Revenue - The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including contractual adjustments under reimbursement agreements with third-party payers. Contractual adjustments are recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient services rendered to Medicare program beneficiaries are paid at fee for service rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Organization also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Support funded by grants is recognized as the Center performs contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays can be subject to audit and acceptance by granting agency and as a result of such, adjustments could be required.

Donated Assets and Services - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their personal time. The value of this contributed time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement or valuation.

Special Events - Revenues from special events are presented net of the direct costs associated with the special events. These direct costs for the years ended June 30, 2021 and 2020 were $238,239 and $403,276, respectively.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are charged to program services, management and general, and fund-raising functions based on direct expenses incurred. Indirect expenses are allocated among the program and supporting services benefited.

Receivables - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not recognize late fee income on receivables. Receivables are considered past due or delinquent after 90 days. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance. The provision is based on estimated collection percentages applied to aging category balances for insurance, Medicare, TennCare, and private pay. For grants and contracts, the valuation allowance is based on its assessment of the current status of its individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Balances outstanding from Medicare, TennCare, and commercial carriers that are uncollectible for various reasons such as non-covered services, services provided by non-licensed providers, and services provided in excess of authorizations, are written-off through a charge to revenue adjustment accounts and a credit to the applicable accounts receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes equipment with a cost or donated fair market value in excess of $5,000 and capitalizes building improvements in excess of $25,000. Depreciation is computed using primarily the straight-line method.

Annual Leave - Vacation benefits accumulate and vest with the employee. An accrued annual leave liability has been reported in the consolidated financial statements for the estimated value of unpaid accrued leave.

Advertising Costs - Advertising costs are expensed as incurred. Advertising costs for marketing and public relations for the years ended June 30, 2021 and 2020 were $104,850 and $69,668, respectively.

Adoption of New Accounting Standards - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The new standard is effective for fiscal years beginning after December 15, 2019. The adoption of ASU 2014-09 did not have a material impact on the Organization's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 did not have a material impact on the Organization's financial statements.

Recent Accounting Pronouncements – In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which applies to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The new standard is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 is not expected to have a material impact on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in the AS supersedes the leasing guidance in topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as ether finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the adoption of AUS 2016-02 on its financial statements.

Evaluation of Subsequent Events - The Organization's management has evaluated subsequent events through November 16, 2021, which is the date the consolidated financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2021	2020
Financial Assets at Year End	$ 68,120,531	$ 55,396,829
Less Funds Unavailable for General Expenditures Within One Year:		
Restrictions by Donor	(21,639,265)	(17,625,579)
Board Designated Endowment Funds	(28,021,816)	(18,934,085)
Total Financial Assets Available to Meet General Expenditures Within the Next 12 Months	$ 18,459,450	$ 18,837,165

Financial assets at year-end includes donor-restricted funds and board-designated endowment funds which are not available for general expenditure. Income from donor-restricted endowments may be restricted for specific purposes, with the exception of the amounts available for general use. Although the Organization does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization regularly monitors the availability of resources required to meet its recurring operating needs as well as its capital needs. The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash may be invested in short-term investments. The Organization also has a $5,000,000 line of credit available to meet cash flow needs.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2021 and 2020, the Organization's cash and cash equivalents consisted of the following:

	2021	2020
Petty Cash	$ 2,077	$ 2,646
Checking - Operations	1,260,271	315,955
U.S. Government and Federal Agency Obligations Under Repurchase Agreements	19,242,958	16,826,863
Total	$ 20,505,306	$ 17,145,464

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

At June 30, 2021 and 2020, the Organization had the following investments, carried at fair value:

Fair Value Measurements Using Level 1	2021 Carrying Value (Fair Value)	2020 Carrying Value (Fair Value)
Restricted for Deferred Compensation Plans		
Mutual Funds:		
Equity	$ 958,311	$ 588,841
Restricted for Endowment		
Cash Management Account	19,478	613,202
Certificate of Deposit	1,593,480	2,406,336
Federated Government Obligations Fund	369,710	253,156
Mutual Funds:		
Fixed Income	6,671,421	5,528,088
Equity	15,024,157	8,718,455
Corporate Equities	10,324,289	6,923,691
	34,002,535	24,442,928
Fair Value Measurements Using Level 2		
Short-Term		
Treasury Bills	0	1,986,740
Restricted for Endowment		
Treasury Bills	0	499,890
Corporate Obligations	288,471	444,954
Government Obligations	1,141,759	1,318,571
	1,430,230	2,263,415
Total	$ 36,391,076	$ 29,281,924

As of June 30, 2021 and 2020, all of the Organization's investments are recorded at fair value on a recurring basis. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset and liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization has a diversified portfolio in a variety of asset classes managed by independent investment managers. The Organization regularly evaluates its investments including performance thereof. Due to inherent risk and potential volatility in investment valuations, the amounts reported in these consolidated financial statements can vary substantially from year to year.

The Center maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with these financial institutions at June 30, 2021 and 2020 totaling $13,749,949 and $13,631,342, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. There were no amounts of cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2021 and 2020.

The Foundation maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with this financial institution at June 30, 2021 and 2020 totaling $5,493,010 and $3,195,521, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. There were no amounts of cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2021 and 2020.

The Center's receivable balance at June 30, 2021 and 2020 consisted of fees for patient services through contractual agreements, private pay insurance providers and grantor agencies. Accordingly, these fees are subject to adjustment or denial by the providers.

Because of the nature of the Organization, a significant percentage of its revenue is derived from the State of Tennessee (including TennCare) and the federal government. As a result, a reduction in state and federal funding could have a profound effect on the Organization's operations. State and federal funding represented 89% and 92% of total revenue for the years ended June 30, 2021 and 2020, respectively.

Additionally, a substantial portion of the Foundation's contributions is received from individuals and/or their related businesses from the East Tennessee region, including long-term pledges. The majority of these pledges are expected to be received within 5 years. These receivables are contingent upon donors honoring their pledge commitments to the Foundation. Large fluctuations in these types of contributions could have a negative impact upon the level of financial support contributed to the Foundation.

NOTE 6 - ACCOUNTS RECEIVABLE - PATIENT SERVICES

Net patient service receivable is reported at the estimated net realizable amount from patients, third-party payers, and others for services rendered. A summary of the accounts receivable is as follows:

	2021	2020
TennCare	$ 2,392,950	$ 1,743,858
State and Federal Grants	6,538,738	4,385,209
Other Grants and Subsidies Receivable	604,402	784,995
Medicare, Commercial Insurance, and Private Pay	512,286	570,398
Allowance for Doubtful Accounts	(835,340)	(732,942)
Total	$ 9,213,036	$ 6,751,518

As of June 30, 2021 and 2020, the amount of accounts receivable greater than 90 days was $100,269 and $240,382, respectively. The change in the valuation allowance is as follows:

	2021	2020
Beginning Balance	$ 732,942	$ 1,049,012
Provision	431,789	(50,055)
Charge Offs (Recovery)	(329,391)	(266,015)
Ending Balance	$ 835,340	$ 732,942

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable are due as follows:

	2021	2020
Due Within One Year	$ 1,387,505	$ 1,392,354
Due in One to Five Years	839,040	1,044,209
Due After Five Years	0	25,000
Gross Pledges Receivable	2,226,545	2,461,563
Less: Present Value Allowance and Allowance for Uncollectible	(215,432)	(243,640)
Pledges Receivable - Net	$ 2,011,113	$ 2,217,923

As of June 30, 2021 and 2020, the entire pledges receivable amounts noted above had donor-imposed restrictions for use with various programs.

The change in the allowance for uncollectible is as follows:

	2021	2020
Beginning Balance	$ 123,078	$ 102,502
Adjustment for Uncollectible Pledges	(3,648)	5,425
Recoveries, Charge Offs	(8,103)	15,151
Ending Balance	$ 111,327	$ 123,078

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation follows:

	2021	2020
Land and Buildings	$ 50,409,544	$ 44,450,782
Furniture and Equipment	5,037,944	5,328,476
Construction in Progress	4,400,718	4,038,367
Total	59,848,206	53,817,625
Less: Accumulated Depreciation	(19,267,053)	(18,886,438)
Property and Equipment, Net	$ 40,581,153	$ 34,931,187

The depreciation expense for the years ended June 30, 2021 and 2020 was $1,666,843 and $1,645,610, respectively.

NOTE 9 - NOTES PAYABLE AND LEASES PAYABLE

Line of Credit

The Center maintains an unsecured line of credit with a local financial institution in the amount of $5,000,000 with variable interest rate. The line is available until October 3, 2023. Advances on the line are payable upon demand. If there is no demand, the balance is not payable until termination of the line on October 3, 2023. Interest is to be paid monthly at the current index rate. This rate at June 30, 2021 and 2020 was 4.0%. No funds were borrowed from this line of credit during the years ended June 30, 2021 and 2020.

NOTE 9 - NOTES PAYABLE AND LEASES PAYABLE (Continued)

Grant Notes Payable

The Center has received funding on several grant awards which contain refundable or recoverable provisions if the purpose of each individual grant is not met. Generally, these grant agreements are considered forgiven over time or the refundable provision expires at the end of term of the grant agreement. The Center has recorded grant notes payable associated with these grant agreements to reflect the liability. Terms of these grant agreements expire at various dates through 2041. A summary of grant notes payable by grantor as of June 30, 2021 and 2020 is as follows:

	2021	2020
Knox County, Tennessee	$ 1,245,234	$ 1,339,984
City of Knoxville, Tennessee	500,000	530,000
Tennessee Housing Development Agency	234,000	312,000
Tennessee Department of Mental Health and Substance Abuse Services	1,942,498	1,712,576
Grant Notes Payable	$ 3,921,732	$ 3,894,560

Scheduled forgiveness of these notes payable at June 30, 2021 are as follows:

2022	$ 202,750
2023	362,750
2024	296,750
2025	384,750
2026	124,750
Thereafter	2,549,982
Total	$ 3,921,732

Notes Payable

The Center has an agreement with Knox County for improvement of the John Tarleton infrastructure for $250,000. The amount will be repaid in annual installments for $25,000 for a period of 10 years (2026) contingent on the Center occupying the facilities and providing professional childcare and facility maintenance. The balance at June 30, 2021 was $125,000 ($150,000 at June 30, 2020).

Leases Payable

The Center has entered into lease agreements for various properties during the year ended June 30, 2021. These leases mature in 2026 and providing the Organization an option to purchase the properties at bargain prices.

NOTE 10 - RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan), made available by Internal Revenue Code Section 403(b). The trustee and investment custodian of the Plan is the Trust Company of Knoxville. The Plan is open to all employees who are employed at least 1,000 hours per calendar year. An employee may elect to contribute up to the IRS maximum allowable of their annual salary. After 1 year of service, the Organization contributes 1.25% of compensation in the second year of service which increases up to a maximum of 10%. During the year ended June 30, 2021 and 2020, the Organization contributed $1,821,454 and $1,706,788, respectively to the Plan on behalf of eligible participants. Employees are 100% vested upon entry into the Plan.

NOTE 11 - DEFERRED COMPENSATION PLANS

The Organization has a nonqualified deferred compensation plan for certain key employees. The Plan will set aside an amount equal to 7% of the employee's compensation. The participating employees are 100% vested after 10 years. Upon vesting, the participant will receive a lump sum payment net of taxes. During the years ended June 30, 2021 and 2020, the Organization contributed approximately $253,000 and $166,000, respectively to the Plan on behalf of eligible participants.

NOTE 12 - CONDITIONAL PROMISE TO GIVE

The Organization is named as a beneficiary in certain individuals' wills, life insurance policies, and other various charitable instruments in which the donors have retained the right to amend or revoke the charitable remainder beneficiary designations. The conditional promises will not be recognized until the promises become unconditional.

NOTE 13 - BOARD DESIGNATED NET ASSETS

The Board of Directors periodically designates certain assets for specific purposes. These designations can be changed or rescinded at the discretion of the Board. Board designated amounts are included in net assets without donor restrictions.

	2021	2020
Undesignated	$ 61,846,567	$ 52,765,916
Designated - Transfer from Center	13,704,781	10,204,781
Total Nets Assets without Donor Restrictions	$ 75,551,348	$ 62,970,697

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Subject to Expenditure for a Specific Purpose:		
Mental Health	$ 3,607,218	$ 3,672,216
Child and Youth Services	540,255	736,043
Program Support	3,671,448	2,471,523
Capital Support	1,829,880	1,593,431
	9,648,801	8,473,213
Endowment:		
Subject to Appropriation and Expenditure:		
Mental Health	1,583,666	945,253
Child & Youth Services	6,217,106	4,296,250
Program Support	699,155	480,336
Substance Abuse	151,024	91,014
	8,650,951	5,812,853
Subject to be Held in Perpetuity:		
Mental Health	1,529,960	1,529,960
Child & Youth Services	1,709,553	1,709,553
Substance Abuse	100,000	100,000
	3,339,513	3,339,513
Total Endowment	11,990,464	9,152,366
Total Nets Assets with Donor Restrictions	$ 21,639,265	$ 17,625,579

NOTE 15 - ENDOWMENT FUNDS

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). GAAP also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The Board of Directors has determined that some of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the Organization's policy is to report (a) the original value of gifts donated to the endowment as net assets with donor restrictions, (b) the original value of subsequent gifts to the endowment as net assets with donor restrictions, and (c) the net accumulation appreciation as net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - Most of the Organization's donors do not restrict the use of the endowment investment earnings or net appreciation; therefore, distributions have been based on the investment earnings. The State of Tennessee's UPMIFA act clarifies that distributions are to be determined on a percentage (not to exceed 7%) of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of 3 years immediately preceding the year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment investment assets, the nature and duration of the endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets.

Composition of and changes in endowment donor-designated net assets for the years ended June 30, 2021 and 2020 were as follows:

As of June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ 16,290,188	$ 8,652,366	$ 24,942,554
Contributions/Transfers	2,033,370	278,434	2,311,804
Investment Income	312,895	179,405	492,300
Net Realized/Unrealized Gains (Losses)	5,190,082	2,355,202	7,545,284
Investment Expenses	(70,332)	(39,942)	(110,274)
ENDOWMENT NET ASSETS, END OF YEAR	$ 23,756,203	$ 11,425,465	$ 35,181,668

NOTE 15 - ENDOWMENT FUNDS (Continued)

As of June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ 14,361,017	$ 7,940,861	$ 22,301,878
Contributions/Transfers	1,348,478	373,427	1,721,905
Investment Income	317,111	181,456	498,567
Net Realized/Unrealized Gains (Losses)	320,997	189,300	510,297
Investment Expenses	(57,415)	(32,678)	(90,093)
ENDOWMENT NET ASSETS, END OF YEAR	$ 16,290,188	$ 8,652,366	$ 24,942,554

NOTE 16 - RELATED PARTY TRANSACTION

The Helen Ross McNabb Mental Health Foundation is a private foundation organized to support the activities, facilities and programs of the Helen Ross McNabb Center. The Foundation has agreed to reimburse the Center for certain capital projects and for its administrative and other operational costs incurred, which have been paid on behalf of the Foundation by the Center. The balance due the Center from the Foundation at June 30, 2021 and 2020 was $285,889 and $488,594. respectively. Amounts paid to the Center from the Foundation during the years ended June 30, 2021 and 2020 were $1,794,201 and $2,519,960, respectively.

The development office of the Helen Ross McNabb Center provides services to the Foundation for management, facilities and equipment and certain supplies. The Foundation has paid the Center for these services in the amounts of $551,223 for 2021 and $554,769 for 2020.

The Helen Ross McNabb Center completed equity transfers to the Foundation in the amounts of $3,500,000 for 2021 and $2,200,000 for 2020. The equity transfers have been recorded in the Consolidating Statement of Activities.

Prior to the current period, the Center formed and is the sole member of McNabb Center, LLC. McNabb Center, LLC is an active entity but has had no financial activities in June 30, 2021 and 2020.

Prior to the current period, the Foundation formed and is the sole member of HRMF, LLC (HRMF). HRMF is a nonprofit limited liability company created to accept donations of certain noncash contributions on behalf of the Foundation. HRMF is considered a disregarded entity for tax reporting purposes (activity is reported by the Foundation as if HRMF is not a separate entity). There were no material related party transactions or balances between the Foundation and HRMF during the years ended June 30, 2021 and 2020.

SUPPLEMENTARY SECTION

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Appalachian Regional Commission				
Appalachian Regional Commission Direct Assistance:				
Appalachian Area Development	23.002	TN-19640-19	$ -	$ 3,446
Total Appalachian Regional Commission Direct Assistance				3,446
Total Appalachian Regional Commission				**3,446**
U.S. Bureau of Justice Assistance				
Passed Through Tennessee Department of Mental Health:				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	Edison 68982	-	26,064
Total Passed Through Tennessee Department of Mental Health				26,064
Total U.S. Bureau of Justice Assistance				**26,064**
U.S. Department of Agriculture				
U.S. Department of Agriculture Direct Assistance:				
National School Lunch Program	10.555		-	66,429
Total U.S. Department of Agriculture Direct Assistance				66,429
Passed through the Tennessee Department of Human Services				
Supplemental Nutrition Assistance Program	10.551		-	78,170
Total Passed through Tennessee Department of Human Services				78,170
Total U.S. Department of Agriculture				**144,599**
U.S. Department of Homeland Security				
Passed Through United Way Blount County				
Emergency Food and Shelter National Board Program				
COVID-19 Emergency Food and Shelter	97.024	LRO ID 762400-015	-	19,586
Total Passed Through United Way Blount County				19,586
Passed Through Tennessee Department of Mental Health				
Crisis Counseling				
COVID-19 Immediate Services Crisis Counseling Program	97.032	Edison 67508	-	63,996
Total Passed Through Tennessee Department of Mental Health				63,996
Total U.S. Department of Homeland Security				**83,582**
U.S. Department of the Treasury				
Passed Through United Way of Greater Knoxville				
Coronavirus Relief Fund				
COVID-19 Coronavirus Relief Fund	21.019		-	285,017
Total Passed Through United Way of Greater Knoxville				285,017
Total U.S. Department of the Treasury				**285,017**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745			
Criminal and Juvenile Justice and Mental Health Collaboration Program (BOPP)		0649-2020-121		14,337
Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO-PRN)		0649-2020-0120		7,140
Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO) Probation		0649-2020-0126	-	230
Total Assistance Listing Number 16.745				21,707
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2016-WH-AX-0031	-	181,893
Total U.S. Department of Justice Direct Assistance				203,600
Passed through the Tennessee Department of Finance and Administration				
Crime Victim Assistance	16.575			
Victims of Crime Act - Family Crisis Center		Edison 41684	-	715,351
Victims of Crime Act - SACET		Edison 41685	-	1,035,823
Victims of Crime Act - Adult Re-Entry		Edison 42795	-	63,163
Total Passed through Tennessee Department of Finance and Administration				1,814,337
Passed through Tennessee Department of Mental Health				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	Edison 68064	-	7,662
Total Assistance Listing Number 16.838				7,662
Crime Victim Assistance	16.575	Edison 66890	-	119,616
Total Passed through Tennessee Department of Mental Health				127,278
Passed through Sevier County Juvenile Court				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	85,129
Total Passed through Sevier County Juvenile Court				85,129
Total U.S. Department of Justice				**2,230,344**
U.S. Department of Housing and Urban Development				
U.S. Department of Housing and Urban Development Direct Assistance:				
Continuum of Care Program	14.267			
Consolidated Permanent Housing/Supportive Housing Grant		TN0036L4J021912	-	408,647
Total U.S. Department of Housing and Urban Development Direct Assistance				408,647
Passed through Tennessee Housing Development Agency				
Emergency Solutions Grant Program	14.231			
Emergency Solutions Grant Program		Edison 65860	-	72,857
Emergency Solutions Grant Program		Edison 66817	-	2,439
Total Passed through Tennessee Housing Development Agency				75,296
Total U.S. Department of Housing and Urban Development				**483,943**
U.S. Department of Health and Human Services				
U.S. Department of Health and Human Services Direct Assistance:				
Enhance Safety of Children Affected by Substance Abuse	93.087			
Regional Partnership for Families		90CU0080-03-01	-	145,339
Regional Partnership for Families		90CU0080-04-02	-	461,519
Total Assistance Listing Number 93.087				606,858

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (Continued)				
Basic Center Grant	93.623			
Basic Center Program		90CY7080-02-01	-	34,120
Basic Center Program		90CY7080-03-01	-	121,529
Total Assistance Listing Number 93.623				155,649
Substance Abuse and Mental Health Serivces (SAMHSA) Direct Assistance:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	6H79TI083365-01M001	-	192,065
Total Assistance Listing Number 93.243				192,065
Transitional Living for Homeless Youth	93.550			
Transitional Living for Homeless Youth Program		90CX7178-03-01	-	33,058
Transitional Living for Homeless Youth Program		90CX7178-04-01	-	153,982
Total Assistance Listing Number 93.550				187,040
Total U.S. Department of Health and Human Services Direct Assistance				1,141,612
Passed through Tennessee Department of Children's Services				
Teenage Pregnancy Prevention Program	93.297	Edison 52555	-	89,598
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Edison 60799	-	50,000
Community-Based Child Abuse Prevention Grants	93.590			
Child Abuse Prevention - East Region		Edison 57228	-	12,203
Child Abuse Prevention - Knox Region		Edison 57227	-	14,705
Child Abuse Prevention - Smokey Region		Edison 57224	-	5,588
Total Assistance Listing Number 93.590				32,496
Total Passed through Tennessee Department of Children's Services				172,094
Passed through Tennessee Department of Health				
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	GR1960278	-	747,622
Total Assistance Listing Number 93.870				747,622
Mental Health Disaster Assistance and Emergency Mental Health	93.982			
COVID-19 Crisis Counseling Grant - Regular Service Program (RSP)		Edison 68741	-	112,488
Total Assistance Listing Number 93.982				112,488
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			
COVID-19 Behavioral Health Care Response (Mental Health Services)		Edison 67192	-	8,522
Total Assistance Listing Number 93.665				8,522
Total Passed through Tennessee Department of Health				868,632
Passed through Tennessee Department of Mental Health				
Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243	Edison 66489	-	214,818
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 71497	-	189,266
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 64168	-	14,053
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 67965	-	97,297
Total Assistance Listing Number 93.243				515,434

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Opioid State Targeted Response (STR)	93.788			
Criminial Justice (CJ) State Opioid Response (SOR) GFY20		Edison 64498	-	29,993
State Opioid Response - HUB		Edison 64498	-	609,285
State Opioid Response - Spoke (SOR Spoke)		Edison 64577	-	230,597
State Opioid Response II- HUB		Edison 69460	-	130,776
TN State Opioid Response (SOR) HUB GFY20		Edison 64498	-	417,508
TN State Opioid Response (SOR) HUB Supplemental		Edison 64498	-	367,242
Total Assistance Listing Number 93.788				1,785,401
U.S. Department of Health and Human Services (Continued)				
Block Grants for Community Mental Health Services	93.958			
Community Targeted Transition Services		Edison 66295	-	56,409
First Episode Psychosis Initiative (FEPI)		Edison 66359	-	405,000
Inpatient Targeted Transitional Support		Edison 66522	-	40,000
Older Adults Program		Edison 62779	-	70,000
Project B.A.S.I.C. (Better Attitudes and Skills in Children)		Edison 66726	-	48,019
Regional Intervention Programs		Edison 66789	-	119,999
School Based Behavioral Health Liaisons		Edison 66891	-	186,500
Total Assistance Listing Number 93.958				925,927
Block Grants for Prevention and Treatment of Substance Abuse	93.959			
Adolescent Substance Use Disorders Services Program (ASUDSP)		Edison 66825	-	158,416
Adult Continuum of Care (COC)		Edison 65804	-	1,504,338
Tennessee Prevent Network		Edison 65807	-	99,828
Women's Recovery Oriented System of Care (WROSC)		Edison 65806	-	229,983
Women's Recovery Oriented System of Care (WROSC)/Pregnant Women's Services		Edison 65806	-	498,271
Total Assistance Listing Number 93.959				2,490,836
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104			
System of Care Across Tennessee (SOCAT) Initiative		Edison 64186	-	73,496
Total Assistance Listing Number 93.104				73,496
Mental Health Disaster Assistance and Emergency Mental Health	93.982	Edison 69425	-	200,000
Total Assistance Listing Number 93.982				200,000
Temporary Assistance for Needy Families	93.558			
System of Care Across Tennessee (SOCAT) TANF Initiative		Edison 70501	-	32,726
Total Assistance Listing Number 93.558				32,726
Passed Through Tennessee Department of Human Services				
Temporary Assistance for Needy Families	93.558			
Community Based Two Generation Services		Edison 68094	-	216,503
Total Assistance Listing Number 93.558				216,503
Passed Through Tennessee Department of Human Services and Passed Through United Way of Greater Chattanooga				
Temporary Assistance for Needy Families	93.558			
Community Based Two Generation Services - United Way of Greater Chattanooga		Edison 68172	-	168,687
Total Assistance Listing Number 93.558				168,687

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Injury Prevention and Control Research and State and Community Based Programs	93.136			
TN Jail Navigator (TDOH)SFY21		Edison 66150	-	47,197
Total Assistance Listing Number 93.136				47,197
Projects for Assistance in the Transition from Homelessness (PATH)	93.150	Edison 66567	-	99,659
Total Passed through Tennessee Department of Mental Health				6,555,866
Passed through University of Tennessee Knoxville				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			
Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services		1H79TI080738-03	-	60,848
Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services		1H79TI080738-04	-	218,591
Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative		H79SP080246-01	-	20,971
Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative		H79SP080246-02	-	57,440
Tennessee's Homeless Family Services in Supportive Housing Program		1H79SM063323-03		37,661
Tennessee's Homeless Family Services in Supportive Housing Program		1H79SM063323-04	-	96,986
Total Assistance Listing Number 93.243				492,497
Total Passed through University of Tennessee Knoxville				492,497
Total U.S. Department of Health and Human Services				**9,230,701**
U.S. Department of Labor				
U.S. Department of Labor Direct Assistance:				
Women's Bureau	17.700	WB-34018-19-60-A-47	-	170,672
Total U.S. Department of Labor Direct Assistance				170,672
Total U.S. Department of Labor				**170,672**
U.S. Department of Education				
Passed through Tennessee Department of Education				
21st Century Community Learning Centers	84.287			
21st CCLC Cohort 2018		S287C190043	-	49,927
21st Century Community Learning Center Program			-	57,411
Total Assistance Listing Number 84.287				107,338
Education Stabilization Fund	84.425			
COVID-19 Emergency Assistance to Non-Public Schools		21-NP_470_9040000	-	70,913
Total Assistance Listing Number 84.425				70,913
Total Passed through Tennessee Department of Education				178,251
Total U.S. Department of Education				**178,251**
TOTAL FEDERAL AWARDS			$ -	$ **12,836,619**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS			
Tennessee Department of Health	Healthy Start Home Visiting Program	GR1959377	$ 369,600
	Total Tennessee Department of Health		**369,600**
Tennessee Department of Mental Health and Substance Abuse Services	Addictions Recovery Program (ARP)	Edison 65805	4,655
	Adolescent Substance Use Disorders Services (ASUDSP)	Edison 66825	385,032
	Alcohol and Drug Addiction Indigent Supervised Probation Offenders Treatment (ADAT-SPOT)	Edison 65868	16,475
	Alcohol and Drug Addiction Treatment (ADAT for Indigent Driving under the Influence (ADAT-DUI)	Edison 65838	20,723
	Behavioral Health Safety Net for Adults (BHSN-Adult of TN)	Edison 62130	2,088,104
	Behavioral Health Safety Net for Children (BHSN-Children of TN)	Edison 67664	110,728
	Children and Youth Homeless Outreach Project (CYHOP)	Edison 66805	74,012
	Community Supportive Housing	Edison 62640	75,000
	Comprehensive Forensic Evaluations	Edison 65808	56,000
	Continuum of Care - State Amendment	Edison 65804	431,213
	Creating Homes Initiative 2 (CHI2) Regional Substance Use Housing Facilitators	Edison 67156	199,871
	Criminal Justice A&D and MH Liaisons-Lakeshore	Edison 66150	526,659
	Criminal Justice Enhancement - State (CJES)	Edison 65838	47,624
	Criminal Justice/Behavioral Health Liaison	Edison 66150	182,742
	CRISIS Stabilization Unit	Edison 62856	1,727,193
	CRISIS Walk-in Triage	Edison 62856	559,200
	CRISIS-East TN Diversion	Edison 62856	114,050
	CRISIS-Mobile Crisis	Edison 62856	534,811
	CRISIS-Youth Mobile Crisis	Edison 62856	116,810
	First Episode Psychosis Initiative (FEPI)	Edison 66359	190,000
	HIV/AIDS Early Intervention Services	Edison 66693	156,562
	Inpatient Targeted Transitional Support (ITTS-ET)	Edison 66522	199,999
	Intensive Long-Term Support Services Program - East TN (ILSSP-ET)	Edison 66541	1,072,570
	Intensive Long-Term Support Services Program (ILSSP) Region Three	Edison 66940	311,285
	Juvenile Justice Reform Local Diversion (JJR Grant)	Edison 66792	880,000
	Medically Monitored Withdrawal Management (MMWM) Lakeshore	Edison 66743	616,632
	Medically Monitored Withdrawal Management (MMWM) State	Edison 66743	74,956
	Peer Support Centers	Edison 62881	376,470
	Peer Wellness Coach - East Tennessee	Edison 66570	63,999
	Projects for Assistance in the Transition from Homelessness (PATH)	Edison 66567	35,240
	School Based Behavioral Health Liaisons	Edison 66891	676,736
	Supported Employment Initiative	Edison 66120	93,499
	Tennessee Certified Recovery Court Treatment Services Program	Edison 66348	150,000
	Tennessee Movie Initiative (TMI)	Edison 66694	207,488
	Tennessee Recovery Oriented Compliance Strategy (TN-ROCS)	Edison 66153	199,515
	TN Department of Correction Community Treatment Collaborative	Edison 65928	101,572
	Women's Recovery Oriented System of Care - Pregnant Women's State	Edison 65806	38,397
	Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS)	Edison 65806	109,449
	Total Tennessee Department of Mental Health and Substance Abuse		**12,825,271**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS (Continued)			
Tennessee Department of Children's Services	After Care Program (EXIT)	Edison 56496	292,024
	Child Abuse Prevention - East Region	Edison 57228	29,290
	Child Abuse Prevention - Knox Region	Edison 57227	35,295
	Child Abuse Prevention - Smokey Region	Edison 57224	13,412
	Community Intervention Services (Homebase)	Edison 56466	266,782
	Custody Prevention Services (Knox County Juvenile Court)	Edison 56479	183,392
	DCS Continuum	PBC01700	6,404,632
	Local Education Funding (BEP)	BEP-no number	54,063
	PBC Incentive	PBC012019	22,442
	Special Education Grant for Lakebrook Academy and Gateway Center	SPED01708	5,228
	Total Tennessee Department of Children's Services		**7,306,560**
Tennessee Department of Treasury - Sexual Assault Forensic Examination (SAFE)	SANE - TN Exam Reimbursement	none	58,290
	Total Tennessee Department of Treasury		**58,290**
Tennessee Department of Human Services Passed Through Tennessee Department of Health	Blount County 2GEN Healthy Families	GR1960278-02	70,159
	Total Tennessee Department of Human Services		**70,159**
Tennessee Association for Needy Families Passed Through Tennessee Department of Health	Home Visiting Grainger, Morgan, Loudon, and Roane	GR1960278-02	194,055
	Total Tennessee Association for Needy Families		**194,055**
	TOTAL STATE ASSISTANCE PROGRAMS		**20,823,935**
	TOTAL FEDERAL AND STATE ASSISTANCE PROGRAMS		**$ 33,660,554**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Helen Ross McNabb Center, Inc. under programs of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Helen Ross McNabb Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Helen Ross McNabb Center, Inc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

Helen Ross McNabb Center, Inc. has negotiated a federally approved 30.45% indirect cost rate.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

	Center	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 13,936,684	$ 6,568,622	$ 0	$ 20,505,306
Short-Term Investments	0	0	0	0
Receivables, Net	9,213,036	0	0	9,213,036
Due from McNabb Foundation	285,889	0	(285,889)	0
Pledges Receivable, Net	0	1,387,505	0	1,387,505
Accounts Receivable - Center	0	3,500,000	(3,500,000)	0
Prepaid Expenses	415,024	0	0	415,024
Total Current Assets	23,850,633	11,456,127	(3,785,889)	31,520,871
PROPERTY AND EQUIPMENT - NET	40,581,153	0	0	40,581,153
OTHER ASSETS				
Investments Restricted for Endowment	0	35,432,765	0	35,432,765
Long-Term Pledges Receivable, Net	0	623,608	0	623,608
Investments for Deferred Compensation Plan	958,311	0	0	958,311
Beneficial Interest in Assets Held by Foundation	46,783,527	0	(46,783,527)	0
Total Other Assets	47,741,838	36,056,373	(46,783,527)	37,014,684
TOTAL ASSETS	$ 112,173,624	$ 47,512,500	$ (50,569,416)	$ 109,116,708

LIABILITIES AND NET ASSETS

	Center	Foundation	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	$ 1,851,382	$ 119,564	$ 0	$ 1,970,946
Accounts Payable - McNabb Foundation	3,500,000	0	(3,500,000)	0
Accounts Payable - Center	0	285,889	(285,889)	0
Accrued Annual Leave	1,801,150	0	0	1,801,150
Accrued Salaries Payable	1,209,350	0	0	1,209,350
Deferred Revenue	0	323,520	0	323,520
Other Accrued Liabilities	821,086	0	0	821,086
Current Portion of Long-Term Liabilities	222,000	0	0	222,000
Total Current Liabilities	9,404,968	728,973	(3,785,889)	6,348,052
LONG-TERM LIABILITIES				
Note Payable	100,000	0	0	100,000
Grant Notes Payable	3,921,732	0	0	3,921,732
Lease Payable	598,000	0	0	598,000
Deferred Compensation Plans Payable	958,311	0	0	958,311
Total Long-Term Liabilities	5,578,043	0	0	5,578,043
TOTAL LIABILITIES	14,983,011	728,973	(3,785,889)	11,926,095
NET ASSETS				
Without Donor Restrictions	47,529,532	28,021,816	0	75,551,348
With Donor Restrictions	49,661,081	18,761,711	(46,783,527)	21,639,265
Total Net Assets	97,190,613	46,783,527	(46,783,527)	97,190,613
TOTAL LIABILITIES AND NET ASSETS	$ 112,173,624	$ 47,512,500	$ (50,569,416)	$ 109,116,708

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	Center	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 13,829,087	$ 3,316,377	$ 0	$ 17,145,464
Short-Term Investments	1,986,740	0	0	1,986,740
Receivables, Net	6,751,518	0	0	6,751,518
Due from McNabb Foundation	488,594	0	(488,594)	0
Pledges Receivable, Net	0	1,392,354	0	1,392,354
Accounts Receivable-Center	0	2,200,000	(2,200,000)	0
Prepaid Expenses	292,187	0	0	292,187
Total Current Assets	23,348,126	6,908,731	(2,688,594)	27,568,263
PROPERTY AND EQUIPMENT - NET	34,810,284	120,903	0	34,931,187
OTHER ASSETS				
Investments Restricted for Endowment	0	26,706,343	0	26,706,343
Long-Term Pledges Receivable, Net	0	825,569	0	825,569
Investments for Deferred Compensation Plan	588,841	0	0	588,841
Beneficial Interest in Assets Held by Foundation	33,682,110	0	(33,682,110)	0
Total Other Assets	34,270,951	27,531,912	(33,682,110)	28,120,753
TOTAL ASSETS	$ 92,429,361	$ 34,561,546	$ (36,370,704)	$ 90,620,203

LIABILITIES AND NET ASSETS

	Center	Foundation	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	$ 1,596,276	$ 70,239	$ 0	$ 1,666,515
Accounts Payable -Foundation	2,200,000	0	(2,200,000)	0
Accounts Payable - Center	0	488,594	(488,594)	0
Accrued Annual Leave	1,695,760	0	0	1,695,760
Accrued Salaries Payable	1,004,474	0	0	1,004,474
Deferred Revenue	0	320,603	0	320,603
Other Accrued Liabilities	703,174	0	0	703,174
Current Portion of Long-Term Liabilities	25,000	0	0	25,000
Total Current Liabilities	7,224,684	879,436	(2,688,594)	5,415,526
LONG-TERM LIABILITIES				
Note Payable	125,000	0	0	125,000
Grant Notes Payable	3,894,560	0	0	3,894,560
Deferred Compensation Plans Payable	588,841	0	0	588,841
Total Long-Term Liabilities	4,608,401	0	0	4,608,401
TOTAL LIABILITIES	11,833,085	879,436	(2,688,594)	10,023,927
NET ASSETS				
Net Assets Without Donor Restriction	44,036,612	18,934,085	0	62,970,697
Net Assets With Donor Restrictions	36,559,664	14,748,025	(33,682,110)	17,625,579
Total Net Assets	80,596,276	33,682,110	(33,682,110)	80,596,276
TOTAL LIABILITIES AND NET ASSETS	$ 92,429,361	$ 34,561,546	$ (36,370,704)	$ 90,620,203

HELEN ROSS McNABB CENTER, INC.

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Center Total	Foundation Total	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT				
Tenncare, Medicare, and Other, Net	$ 30,316,308	$ 0	$ 0	$ 30,316,308
Direct Federal Assistance	1,798,895	0	0	1,798,895
State of Tennessee	30,892,423	0	0	30,892,423
Local Governments	4,316,473	0	0	4,316,473
Contributions and Support	0	3,057,309	0	3,057,309
Present Value and Allowance Adjustment of Contributions	0	20,105	0	20,105
United Way	1,858,860	0	0	1,858,860
Investment Return, Net	(93,718)	1,371,010	0	1,277,292
Special Events, Net	0	512,328	0	512,328
Other Income	3,113,458	0	0	3,113,458
Unrealized Gain (Loss) on Investments	171,773	6,577,773	0	6,749,546
Other Grants	1,735,177	0	0	1,735,177
Helen Ross McNabb Foundation	14,895,618	0	(14,895,618)	0
Gain (Loss) on Disposal of Assets	206,068	0	0	206,068
Total Revenues and Other Support	89,211,335	11,538,525	(14,895,618)	85,854,242
EXPENSES				
Program Services	56,385,041	1,334,372	(1,242,978)	56,476,435
Administrative and General	12,188,114	12,750	0	12,200,864
Fund Raising	543,843	589,986	(551,223)	582,606
Total Expenses	69,116,998	1,937,108	(1,794,201)	69,259,905
INCREASE IN NET ASSETS	20,094,337	9,601,417	(13,101,417)	16,594,337
NET ASSETS, BEGINNING OF YEAR	80,596,276	33,682,110	(33,682,110)	80,596,276
Transfer to Foundation	(3,500,000)	3,500,000	0	0
NET ASSETS, END OF YEAR	$ 97,190,613	$ 46,783,527	$ (46,783,527)	$ 97,190,613

HELEN ROSS McNABB CENTER, INC.

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Center Total	Foundation Total	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT				
Tenncare, Medicare, and Other, Net	$ 28,357,243	$ 0	$ 0	$ 28,357,243
Direct Federal Assistance	1,699,733	0	0	1,699,733
State of Tennessee	27,539,267	0	0	27,539,267
Local Governments	3,971,764	0	0	3,971,764
Contributions and Support	0	3,403,704	0	3,403,704
Present Value and Allowance Adjustment of Contributions	0	(40,855)	0	(40,855)
United Way	1,330,219	0	0	1,330,219
Investment Income	223,561	707,483	0	931,044
Special Events, Net	0	497,700	0	497,700
Other Income	3,769,137	0	0	3,769,137
Unrealized Gain (Loss) on Investments	(18,829)	254,524	0	235,695
Other Grants	2,233,405	0	0	2,233,405
Helen Ross McNabb Foundation	6,853,915	0	(6,853,915)	0
Gain (Loss) on Disposal of Assets	115,820	0	0	115,820
Total Revenues and Other Support	76,075,235	4,822,556	(6,853,915)	74,043,876
EXPENSES				
Program Services	53,711,730	2,079,656	(1,965,191)	53,826,195
Administrative and General	11,491,241	12,750	0	11,503,991
Fund Raising	520,713	596,195	(554,769)	562,139
Total Expenses	65,723,684	2,688,601	(2,519,960)	65,892,325
INCREASE IN NET ASSETS	10,351,551	2,133,955	(4,333,955)	8,151,551
NET ASSETS, BEGINNING OF YEAR	72,444,725	29,348,155	(29,348,155)	72,444,725
Transfer to Foundation	(2,200,000)	2,200,000	0	0
NET ASSETS, END OF YEAR	$ 80,596,276	$ 33,682,110	$ (33,682,110)	$ 80,596,276

INTERNAL CONTROL
AND
COMPLIANCE SECTION

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

We 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 consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended of Helen Ross McNabb Center, Inc. (a nonprofit corporation), and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Helen Ross McNabb Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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 Organization'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Helen Ross McNabb Center, Inc.'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
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INDEPENDENT AUDITOR'S REPORT FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Helen Ross McNabb Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Helen Ross McNabb Center, Inc.'s major federal programs for the year ended June 30, 2021. Helen Ross McNabb Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Helen Ross McNabb Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Helen Ross McNabb Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Helen Ross McNabb Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Helen Ross McNabb Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

Management of Helen Ross McNabb Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Helen Ross McNabb Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Helen Ross McNabb Center, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*			
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	Yes	X	No

Identification of major programs:

Assistance Listings	*Name of Federal Program or Cluster*
93.087	Enhance Safety of Children Affected by Substance Abuse
93.788	Opioid STR
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes	_____	No

Section II - Financial Statement Findings

No matters are being reported.

Section III - Federal Award Findings and Questioned Costs

No matters are being reported.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Financial Statement Findings

There were none reported.

Federal Award Findings and Questioned Costs

There were none reported.

HELEN ROSS McNABB CENTER
MYFY22 BUDGET SUMMARY

	FY22	MYFY22	INCREASE (DECREASE)	PERCENT CHANGE
REVENUES				
Federal	$ 2,307,330	$ 3,556,088	$ 1,248,758	54.12%
TN OCJP	2,381,646	2,383,346	1,700	0.07%
TN Dept of Health & TN Dept of Human Services	2,740,563	2,600,563	(140,000)	-5.11%
TN Dept of Mental Health	21,661,347	23,489,300	1,827,953	8.44%
TN Dept of Children Services	7,273,226	7,273,226	-	0.00%
TN Housing Development Agency	313,071	484,833	171,762	54.86%
TN Dept of Education	137,879	137,879	-	0.00%
Food Reimbursement	157,100	157,100	-	0.00%
City and County Governments	4,802,634	5,304,712	502,078	10.45%
Other Grants	1,714,097	1,730,402	16,305	0.95%
Foundation	2,260,195	3,358,214	1,098,019	48.58%
United Ways	1,483,226	1,457,826	(25,400)	-1.71%
TennCare	30,078,123	29,073,649	(1,004,474)	-3.34%
Medicare	457,336	449,274	(8,062)	-1.76%
Commercial Insurance & Private Pay	693,888	570,888	(123,000)	-17.73%
Other - Housing Rental Receipts, Interest Income, EHR	1,141,980	2,187,598	1,045,617	91.56%
Total Revenue	**$ 79,603,641**	**$ 84,214,896**	**$ 4,611,254**	**5.79%**
EXPENSES				
Salaries	$ 47,765,097	$ 48,739,760	$ 974,663	2.04%
Employee Benefits	8,309,444	8,691,113	381,670	4.59%
Social Security	3,625,127	3,693,226	68,099	1.88%
Professional Services	635,430	689,430	54,000	8.50%
Supplies	3,097,553	3,111,211	13,659	0.44%
Telephone	1,414,540	1,474,420	59,880	4.23%
Postage	26,000	26,000	-	0.00%
Occupancy Expenses	3,623,833	3,759,050	135,217	3.73%
Data Processing, Equipment Rental and Maintenance	1,396,340	1,421,340	25,000	1.79%
Printing & Publication	84,786	83,286	(1,500)	-1.77%
Travel	1,635,195	1,666,735	31,541	1.93%
Professional Development	265,427	257,927	(7,500)	-2.83%
Insurance	909,100	1,071,322	162,222	17.84%
Foster Care Payments	1,089,968	1,089,968	-	0.00%
Patient Assistance	745,993	874,785	128,793	17.26%
Depreciation and Interest Expense	1,831,466	1,889,102	57,636	3.15%
Non-Personnel Expenses	527,935	589,935	62,000	11.74%
Allowance for Uncollectible Accounts	1,179,470	1,099,883	(79,588)	-6.75%
Reimbursed Capital Expenses	-	1,259,374	1,259,374	100.00%
Provision for Future Healthcare Needs	**1,440,939**	**2,727,029**	**1,286,090**	**89.25%**
Total Expenses	**$ 79,603,641**	**$ 84,214,896**	**4,611,254**	**5.79%**
Profit/(Loss) Ratio	1.81%	3.24%	1.43%	
FTEs	991.52	1,017.26	26	

McNabb Center
WELL MIND, WELL BEING

COUNTY REPORT

HAMBLEN COUNTY

The McNabb Center is a regional, nonprofit provider of mental health, substance use and social services to children, adults and families across East Tennessee. This report outlines services provided during fiscal year 2021 (July 1, 2020–June 30, 2021) in Hamblen County.

IMPACT AT A GLANCE

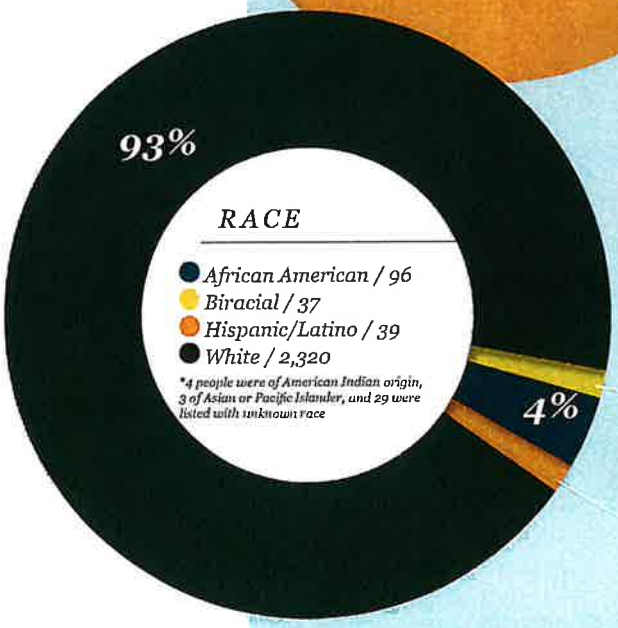
41,395
Services Provided

2,528
People Served

CARE RECIPIENT PROFILE

GENDER

RACE

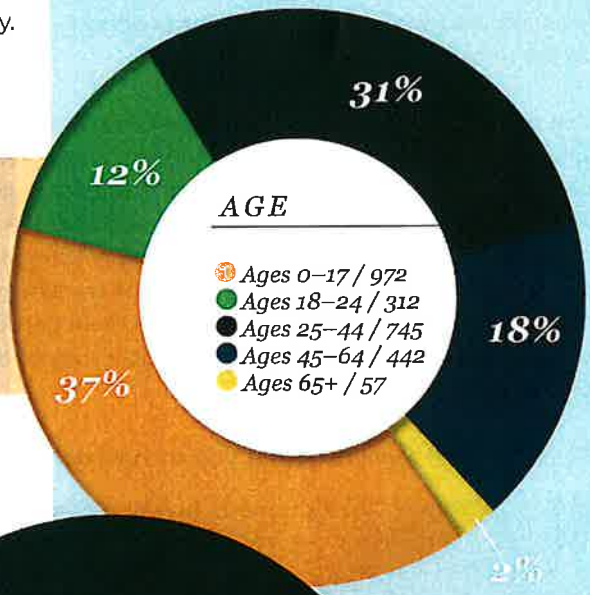


ECONOMIC IMPACT

$7.7 million

These budgeted dollars bring needed services and skilled jobs to Hamblen County. The Hamblen County Center employs nearly 72 staff members dedicated to providing quality care to more than 2,500 children and adults,. Our clinical staff includes nurse practitioners, registered nurses, therapists, care coordinators and support staff.

AGE



WELL MIND, WELL BEING.

McNabb Center
WELL MIND, WELL BEING

COUNTY REPORT

HAMBLEN COUNTY

JAIL TO WORK PROGRAM

As a child, Tracy experienced abuse and began using substances at age 15 to numb her emotions. As she got older, her drug use escalated into addiction and negatively impacted her life, eventually leading her to a jail sentence. Now, at age 48, through the Center's Jail to Work Program in Hamblen County she was offered training, monitoring, employment, substance abuse treatment and relapse prevention. She is in recovery and working, and she is so thankful for the opportunities provided to her through the Jail to Work Program.

The program is for women that are eligible for early release and probation. Eight women are selected at a time to live on the Center's campus for 12 weeks and participate in skills building and healing while preparing for the work force. The Center also opened its first recovery home, a safe, sober living environment, to serve participants that need more time transitioning into the community. Like Tracy, all the Jail to Work participants have expressed sincere gratitude for the opportunity and are excited to recognize their own potential.

For a full list of services, please visit mcnabbcenter.org.

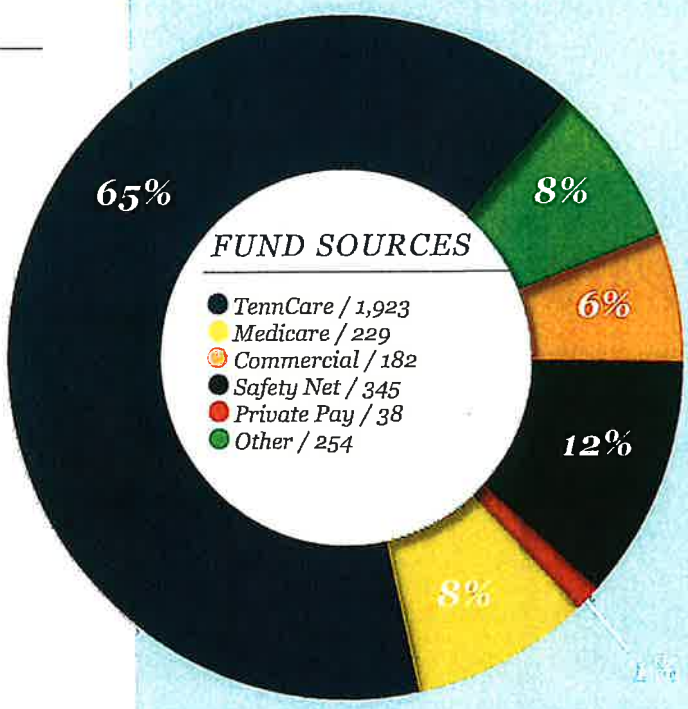
1 in 6
Tennesseans misuses or abuses opioids.

1 in 5
adults in the U.S. experiences mental illness in a given year.

WELL MIND, WELL BEING.

"If provided access to care, individuals in need of mental health services and substance abuse treatment have hope for recovery. The Center works to improve the lives of East Tennesseans and relies on community support in this mission."

JERRY VAGNIER, CEO



AVAILABLE RESOURCES

ALCOHOL AND DRUG INTENSIVE OUTPATIENT TREATMENT
CLIENT-CENTERED THERAPY
INTENSIVE CASE MANAGEMENT
COMPREHENSIVE CHILD AND FAMILY TREATMENT
EMERGENCY SHELTER CARE
JAIL TO WORK PROGRAM
OUTPATIENT MENTAL HEALTH CARE
PRE-ARREST DIVERSION SERVICES
RECOVERY HOUSING SERIVCES
THERAPEUTIC FOSTER CARE AND ADOPTION

In addition, residents have access to services in Knox County that include a full continuum of behavioral health crisis, substance abuse, military and veterans, domestic violence and sexual assault services.

Hamblen County

Tab 6

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Hamblen County Health Department
Ashley Lyons, County Director
331 West Main Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for support in the Hamblen County budget, please sign below to confirm these are the amounts you will be requesting for the 2022-2023 fiscal year. Return this signed letter to the Hamblen County Mayor's office by **Friday, March 18, 2022.**

Department	Amount Requested	Approved By
Local Direct	~~$ 66,267~~ $165,000	Ashley Lyons
Tennessee Department of Health	~~$115,233~~ $116,500	Ashley Lyons

Please understand that this letter does not guarantee that you will receive support. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst (AH)
Anne Bryant-Hurst
Hamblen County Finance Director

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

AGREEMENT

BETWEEN

TENNESSEE DEPARTMENT OF HEALTH

AND

HAMBLEN

COUNTY

This agreement is entered into this first day of July, 2021, between the Tennessee Department of Health, hereinafter referred to as the STATE and Hamblen County, hereinafter referred to as the COUNTY.

WHEREAS, it is the vision of the Tennessee Department of Health to be in the top ten states in the nation for health, and

WHEREAS, it is the mission of the Tennessee Department of Health to protect, promote, and improve the health and prosperity of the people in Tennessee through the prevention of conditions that may be a threat to health, individually and collectively, and through the treatment of conditions that have already affected the health of Tennesseans, and

WHEREAS, TCA 68-2-901, provides a means for a State and County effort to accomplish these mutual goals through the delivery of health services through the local health departments.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this agreement according to the provisions set out herein:

A. THE COUNTY AGREES:

1. To appropriate a total of $181,500 for support of the Hamblen County Health Department. This amount consists of:

    a. $66,267 Direct-Local funds (for which the COUNTY shall not be billed); in accordance with Item 3 below.

    b. $115,233 of appropriation for which the COUNTY shall be billed in accordance with item (3) below.

2. To use revenues generated from the provision of health services toward the support of the County Health Department
3. To pay the STATE biannually one half of the total county funds appropriated for the purposes of this contract as identified in Item 1 (b) above. Payments are to be received by the STATE no later than the last day of January for the first payment, and no later than the last day of April for the second payment (Jan. 31, and Apr.30 respectively).
4. To report all local expenditures to the STATE quarterly.
5. To submit to the STATE a duly signed and executed county agreement.

B. THE STATE AGREES:

1. To provide a total of $1,064,200 in support of the Hamblen County Health Department.
2. Upon written request, to provide a reporting of all expenditures and revenues.

C. BOTH PARTIES AGREE:

1. It is further agreed that the funds shall be used to pay salary, longevity, fringe benefits, travel, meals and/or lodging and other necessary expenses. The salary and travel, meals and/or lodging payments shall be paid in accordance with State regulations, policies and procedures, and subject to funding availability.
2. The term of this agreement will begin July 1, 2021, and shall extend through June 30, 2022.
3. This agreement may be amended in accordance with procedures established by the Commissioner of the Tennessee Department of Health. All amendments must be reduced to writing.

Approved:

County Health Director

Regional Public Health Director

Fiscal Officer of Local
Appropriating Authority

Assistant Commissioner, Community
Health Services

Commissioner, Department of Health

Hamblen County

Tab 7

IRS Department of the Treasury
Internal Revenue Service

OGDEN UT 84201-0038

In reply refer to: 0441728362
Mar. 24, 2009 LTR 4168C E0
58-1537647 000000 00 000
00034000
BODC: TE

SAFESPACE INC
% VAN WOLFE
636 MIDDLE CREEK ROAD
SEVIERVILLE TN 37862-5044

3056

Employer Identification Number: 58-1537647
Person to Contact: C. Hunt
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Mar. 13, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in December 1983, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Deborah Bingham

Deborah Bingham
Accounts Management I

SAFESPACE, INCORPORATED

FINANCIAL STATEMENTS

Year ended June 30, 2021

SAFESPACE, INCORPORATED

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Statement of Cash Flows	6
Notes to Financial Statements	7

Purkey, Carter, Compton, Swann & Carter, PLLC

Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safespace, Incorporated
Sevierville, Tennessee

We have audited the accompanying financial statements of Safespace, Incorporated, a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safespace, Incorporated as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, TN
November 9, 2021

SAFESPACE, INCORPORATED
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
Cash	$ 125,383
Grants receivable	51,061
Unconditional promises to give	6,750
Investments	26,984
Prepaid expenses	8,834
Property and equipment, net	641,400
TOTAL ASSETS	$ 860,412
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 2,429
Accrued payroll liabilities	354
Accrued annual leave	6,469
Line of credit payable	503
TOTAL LIABILITIES	9,755
NET ASSETS	
Net assets without donor restrictions	
Undesignated	843,907
Net assets with donor restrictions	6,750
TOTAL NET ASSETS	850,657
TOTAL LIABILITIES AND NET ASSETS	$ 860,412

See accompanying notes to financial statements.

SAFESPACE, INCORPORATED
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

REVENUE, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions			
United Way	$ 18,286	$ 6,750	$ 25,036
Local governments	39,750	-	39,750
Donations and grants	162,115	-	162,115
Special events	10,632	-	10,632
Emergency Food and Shelter Program	10,725	-	10,725
Office of Criminal Justice Program			
Family Violence Services	21,893	-	21,893
Victims of Crime Act	331,702	-	331,702
In-kind revenue	33,419	-	33,419
Interest income	245	-	245
Dividend income	187	-	187
Unrealized loss on investments	(510)	-	(510)
Paycheck protection program income	12,300	-	12,300
Net assets released from restrictions			
Expiration of time restrictions - United Way	7,350	(7,350)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	648,094	(600)	647,494
EXPENSE			
Program services			
Domestic violence	492,983	-	492,983
Supporting services			
Management and general	60,195	-	60,195
Fundraising	18,111	-	18,111
TOTAL EXPENSE	571,289	-	571,289
CHANGE IN NET ASSETS	76,805	(600)	76,205
NET ASSETS AT BEGINNING OF YEAR	767,102	7,350	774,452
NET ASSETS AT END OF YEAR	$ 843,907	$ 6,750	$ 850,657

See accompanying notes to financial statements.

SAFESPACE, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 283,232	$ 33,727	$ 11,748	$ 328,707
Employee benefits	53,108	6,324	2,203	61,635
Payroll taxes	22,720	2,705	942	26,367
Total salaries and related expenses	359,060	42,756	14,893	416,709
Utilities	7,674	1,817	-	9,491
Rent	19,824	2,361	822	23,007
Maintenance	8,282	-	-	8,282
Communications	19,525	2,169	-	21,694
Travel	4,027	480	167	4,674
Postage and printing	-	589	1,700	2,289
Training	3,457	-	-	3,457
Professional services	261	5,574	-	5,835
Insurance	13,448	1,907	169	15,524
Interest	183	-	-	183
Victim assistance	8,624	-	-	8,624
Dues and subscriptions	784	-	-	784
Supplies	12,912	2,542	360	15,814
Advertising	488	-	-	488
Food	2,278	-	-	2,278
Depreciation	32,156	-	-	32,156
TOTAL EXPENSE	$ 492,983	$ 60,195	$ 18,111	$ 571,289

See accompanying notes to financial statements.

SAFESPACE, INCORPORATED
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 76,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,156
Cash restricted for purchase of equipment	(10,456)
In-kind donation of stock	(27,494)
Unrealized loss on investment	510
Decrease in operating assets:	
Grants receivable	3,683
Unconditional promises to give	600
Prepaid expenses	4,965
Increase (decrease) in operating liabilities:	
Accounts payable	(1,423)
Accrued payroll liabilities	244
NET CASH PROVIDED BY OPERATING ACTIVITIES	78,990
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash restricted for purchase of equipment	10,456
Purchase of fixed assets	(23,026)
NET CASH USED IN INVESTING ACTIVITIES	(12,570)
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgiveness of payroll protection program loan	(12,300)
NET INCREASE IN CASH	54,120
CASH AT BEGINNING OF YEAR	71,263
CASH AT END OF YEAR	$ 125,383

SUPPLEMENTAL DISCLOSURES:

Noncash investing activities: Contributed fair value of stock	$ 27,494
Interest paid	$ 183

See accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Safespace, Incorporated is a not-for-profit Organization incorporated under the laws of the State of Tennessee in 1981. The Organization maintains and operates shelters and outreach programs of assistance for victims of domestic violence and promotes public awareness and understanding of domestic violence.

Basis of Accounting

The financial statements of Safespace, Incorporated have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk

The Organization's concentrations of credit risk consist principally of grants receivable and promises to give. Concentrations of credit risk with respect to grants receivable are limited due to the nature of the grant agreements. Concentrations of credit risk with respect to promises to give are dependent on factors affecting the economy in which contributors live and work. Collateral is not required on these promises to give.

Promises to Give
Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give, if necessary. The allowance is based on prior years' experience and management's analysis of the specific promises made.

Donated Assets
Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment
Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for additions and major renewals for more than $1,000 are capitalized, while those for maintenance and repairs are charged to expenditures as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets and is reflected as an expense in the Statement of Functional Expenses.

Functional Expenses
The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Income Tax Status
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2021.

Investments
In accordance with ASC Topic 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contributed Services
During the year ended June 30, 2021, no contributed services met the requirements of ASC Topic 958 for recognition in the financial statements. However, a number of volunteers contributed their time to assist with the Organization's programs. These donated services constitute a significant factor in the operation of the Organization.

Advertising
The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year ended June 30, 2021 is $488.

Interest Expense
Interest expense is charged to expense in the period in which it is incurred; therefore, no interest has been capitalized during the year ended June 30, 2021.

Property Taxes
The Organization has been exempted from payment of city and county property taxes by the Tennessee State Board of Equalization.

Subsequent Events
The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B – LIQUIDITY

Safespace, Incorporated has $176,444 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of $125,383 and grants receivable of $51,061. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

The Organization has promises to give in the amount of $6,750 restricted by time and when payment is received can be used for general expenditures. The Organization maintains one line of credit in order to meet financial needs due to any shortages of financial assets that may arise. The amount of remaining funds available to use as of June 30, 2021, is $49,497.

NOTE C – ANNUAL LEAVE PAYABLE

The estimated value of annual leave accrued but not taken amounted to $6,469 at June 30, 2021, based on personnel policies effective September 1, 2016. ASC Topic 710 *Compensation - General*, requires that certain accrued vacation, the effects of which are material to the financial statements, be recorded as earned.

NOTE D – GRANTS RECEIVABLE

Grants receivable consist of the following:

Office of Criminal Justice Programs -	
Victims of Crime Act	$ 19,077
Emergency Food and Shelter Programs -	
Jefferson County	4,831
Cocke County	6,750
Victim Assistance -	
Jefferson County	3,853
City of Newport	1,500
City of Gatlinburg	50
Pettway Grant	15,000
	$ 51,061

Differences between amounts allocated and collected from grants receivable have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE E – PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on June 30, 2021, consisted of the following:

Land	$ 131,513
Building and improvements	806,229
Furniture and equipment	76,473
Vehicles	42,059
	1,056,274
Less accumulated depreciation	(414,874)
Net property and equipment	$ 641,400

Depreciation expense for the year ended June 30, 2021, was $32,156.

NOTE F – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2021, consist of the following:

United Way funding – Jefferson County	$ 6,000
United Way funding – Grainger County	750
	$ 6,750

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. All unconditional promises to give are receivable in less than one year. Differences between amounts promised and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE G – LINE OF CREDIT

The Organization has a $50,000 revolving line of credit, of which $503 was used at June 30, 2021. The credit line is unsecured and accrues interest at a variable rate. The rate of interest at June 30, 2021, is 6.00%.

Interest relating to this line of credit during the year is $183, none of which has been capitalized.

NOTE H – FUNDING

Safespace, Incorporated receives a substantial amount of support from Office of Criminal Justice Programs, approximately 55% of total revenue. The Organization also receives a substantial amount of support from the donations and grants in its service area of Tennessee. A major reduction of funds by the grantor agency or the general public, should this occur, may have a significant effect on future operations.

NOTE I – OPERATING LEASES

The Organization leases two copiers under a 60-month operating lease agreement with Ricoh that began in May 2016. The payments are $94 a month, plus small charges for copies. The operating lease agreement ended during the year ended June 30, 2021. The Organization now leases the copiers on a month-to-month basis.

The Organization rents office space in Sevierville, Tennessee from third parties on a verbal month-to-month operating lease in the amount of $1,200 per month.

The Organization leases office space in Newport, Tennessee from third parties on a verbal month-to-month operating lease in the amount of $600 per month.

Rental expense for the year ended June 30, 2021, is $23,007.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following period or purposes:

United Way funding for period after June 30, 2021	$ 6,750

NOTE K – RETIREMENT PLAN

Employees of the Organization may participate in a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE), whereby the employee may elect to make contributions pursuant to a salary reduction agreement. All full-time employees are eligible to participate in the plan following ninety days from the date of employment. To be eligible to participate in the plan each year, employees must contribute at least 1% of their salary to the plan. The agency makes a dollar for dollar contribution of up to 3% to all eligible employees. The Organization's matching contributions to the plan were $7,101 for the year ended June 30, 2021.

NOTE L – IN-KIND REVENUE AND EXPENSE

In-kind revenue in the amount of $33,419 and the related expenses consist of the following:

Program expenses	$ 5,925
Investments – Marketable securities	27,494
Total in-kind revenue and expense	$33,419

NOTE M – INVESTMENTS

Investments at June 30, 2021, consist of the following:

	Fair Value	Investment Cost Basis	Unrealized Appreciation (Depreciation)
Marketable Equity Securities	$26,984	$27,494	($510)

Fair values for the above investments are determined by reference to quoted prices in active markets for identical assets (Level 1 within the fair value measurement hierarchy) and reported on a recurring basis. No restrictions or designations exist on these funds as of June 30, 2021.

Dividend income from the securities for the year ended June 30, 2021 was $187.

NOTE N – PAYROLL PROTECTION PROGRAM LOAN

On April 13, 2020, the Organization was granted a loan from the Small Business Administration through Citizens National Bank in the amount of $12,300, pursuant to the Payroll Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. This loan was forgiven by the Small Business Administration as of June 30, 2021, and has been recorded as income on the Statement of Activities.

NOTE O – RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus Disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the Organization could be material.

SAFESPACE BUDGET FY 2021-2022

EXPENSE:

Salaries	$341,840.00
Benefits & Taxes	$99,600.00
Professional fees & Insurance	$22,700.00
Postage & Printing	$1,000.00
Travel	$8,000.00
Training	$2,600.00
Rent & Utilities	$33,600.00
Supplies & Program Supplies	$21,100.00
Equipment & Maintenance	$16,500.00
Telephone & Service	$11,500.00
Client Database	$5,200.00
Victim Services	$4,000.00
Membership & Public Relations	$2,000.00
Total Expenses:	**$569,640.00**

INCOME:

Individual & Community Donations	$39,000.00
County & City Governments	$40,000.00
OCJP (VOCA) Grants	$346,040.00
United Way & EFSP	$41,000.00
Fundraising Events	$21,000.00
Grants	$40,000.00
Victim Assistance Assessment	$38,000.00
Special Programs	$4,600.00
Total Income:	**$569,640.00**

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 8

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 03 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Helen Ross McNabb/Youth Emergency Shelter (Y.E.S)
Jason Lay, Director of Funding
310 W. 3rd North Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $2,500

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

IRS Department of the Treasury
Internal Revenue Service

ATLANTA GA 39901-0001

In reply refer to: 0752858409
Jan. 21, 2020 LTR 4168C 0
62-0548914 000000 00
00017617
BODC: TE

THE HELEN ROSS MCNABB CENTER
201 W SPRINGDALE AVE
KNOXVILLE TN 37917-5158

011739

Employer ID number: 62-0548914
Form 990 required: YES

Dear Taxpayer:

We're responding to your request dated Jan. 09, 2020, about THE HELEN ROSS MCNABB CENTER

We issued you a determination letter in AUGUST 1953, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

0752858409
Jan. 21, 2020 LTR 4168C 0
62-0548914 000000 00
00017618

THE HELEN ROSS MCNABB CENTER
201 W SPRINGDALE AVE
KNOXVILLE TN 37917-5158

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

Teri M Johnson

Teri M. Johnson
Operations Manager, AM Ops. 3

HELEN ROSS McNABB CENTER, INC.

Knoxville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

PUGH CPAs

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

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INTRODUCTORY SECTION

HELEN ROSS McNABB CENTER, INC.

ROSTER OF OFFICIALS

Board of Directors

Amy Cathey, Chair
Wade Davies, Chair-Elect
Richard Stair, Past Chair
Andrea White, Treasurer
Clarence Vaughn, Secretary
Whit Addicks
Rebecca Ashford
Heidi Barcus
Eden Bishop
Jenny Brock
Jerry Epps
Scott Ferguson
Joe Johnson
Dale Keasling
George Kershaw
Randy Miller
Brian Rauch
Cindy Sexton
Laura Shamiyeh
Mitch Steenrod
Carl Van Hoozier

Jerry Vagnier, Chief Executive Officer

Jason Lay, CPA, Chief Financial Officer

FINANCIAL SECTION

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Helen Ross McNabb Center, Inc. (a nonprofit organization) and affiliate which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helen Ross McNabb Center, Inc. and affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Member of AICPA

An Independently owned member
RSM US Alliance

TSCPA
Members of the Tennessee Society
Of Certified Public Accountants

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal and state awards on pages 23 through 29, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the consolidating schedules, are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting and on our tests of their 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 our 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 Helen Ross McNabb Center'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 Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 20,505,306	$ 17,145,464
Short-Term Investments	0	1,986,740
Receivables, Net	9,213,036	6,751,518
Pledges Receivable, Net	1,387,505	1,392,354
Prepaid Expenses	415,024	292,187
Total Current Assets	31,520,871	27,568,263
PROPERTY AND EQUIPMENT - NET	40,581,153	34,931,187
OTHER ASSETS		
Investments Restricted for Endowment	35,432,765	26,706,343
Long-Term Pledges Receivable, Net	623,608	825,569
Investments for Deferred Compensation Plans	958,311	588,841
Total Other Assets	37,014,684	28,120,753
TOTAL ASSETS	$ 109,116,708	$ 90,620,203
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,970,946	$ 1,666,515
Accrued Annual Leave	1,801,150	1,695,760
Accrued Salaries Payable	1,209,350	1,004,474
Other Accrued Liabilities	821,086	703,174
Deferred Revenue	323,520	320,603
Current Portion of Long-Term Liabilities	222,000	25,000
Total Current Liabilities	6,348,052	5,415,526
LONG-TERM LIABILITIES		
Note Payable	100,000	125,000
Grant Notes Payable	3,921,732	3,894,560
Lease Payable	598,000	0
Deferred Compensation Plans Payable	958,311	588,841
Total Long-Term Liabilities	5,578,043	4,608,401
TOTAL LIABILITIES	11,926,095	10,023,927
NET ASSETS		
Net Assets Without Donor Restrictions	75,551,348	62,970,697
Net Assets With Donor Restrictions	21,639,265	17,625,579
Total Net Assets	97,190,613	80,596,276
TOTAL LIABILITIES AND NET ASSETS	$ 109,116,708	$ 90,620,203

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PATIENT SERVICES REVENUE			
TennCare	$ 38,229,634	$ 0	$ 38,229,634
Medicare	1,365,306	0	1,365,306
Commercial Insurance	2,835,851	0	2,835,851
Private Pay	65,554	0	65,554
Less: Contractual Adjustments	(12,180,037)	0	(12,180,037)
	30,316,308	0	30,316,308
Direct Federal Assistance:			
Department of Housing and Urban Development	408,647	0	408,647
Department of Health and Human Services	949,547	0	949,547
Department of Justice	181,893	0	181,893
Department of Agriculture	66,429	0	66,429
Department of Labor	170,672	0	170,672
Board of Parole and Probation	21,707	0	21,707
	1,798,895	0	1,798,895
State of Tennessee:			
Department of Education	178,250	0	178,250
Department of Human Services	294,672	0	294,672
Treasury Department	58,290	0	58,290
Housing Development Agency	75,295	0	75,295
Department of Health	1,573,500	0	1,573,500
Office of Criminal Justice	1,899,466	0	1,899,466
Department of Children's Services	7,478,654	0	7,478,654
Department of Mental Health and Substance Abuse Services	19,334,296	0	19,334,296
	30,892,423	0	30,892,423
Other Grants	1,735,177	0	1,735,177
Local Governments:			
Knox County	2,846,263	0	2,846,263
Other Local Governments	1,470,210	0	1,470,210
	4,316,473	0	4,316,473
NET PATIENT SERVICES REVENUE	69,059,276	0	69,059,276

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CONTRIBUTIONS AND OTHER			
Contributions and Support	$ 168,887	$ 2,888,422	$ 3,057,309
Present Value and Allowance Adjustment of Contributions	20,105	0	20,105
United Way	1,858,860	0	1,858,860
Investment Return, Net	440,887	836,405	1,277,292
Unrealized Gain (Loss) on Investments	5,022,591	1,726,955	6,749,546
Gain (Loss) on Sale of Assets	206,068	0	206,068
Special Events, Net	512,328	0	512,328
Other Income	3,113,458	0	3,113,458
Total Contributions and Other	11,343,184	5,451,782	16,794,966
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	1,438,096	(1,438,096)	0
Total Revenues and Other Support	81,840,556	4,013,686	85,854,242
EXPENSES			
Program Services:			
Mental Health	24,107,364	0	24,107,364
Substance Abuse	7,970,842	0	7,970,842
Social Services	5,524,478	0	5,524,478
Crisis Services	7,028,534	0	7,028,534
Foster Care and Adoption	5,691,035	0	5,691,035
Early Intervention and Prevention	2,287,692	0	2,287,692
Justice Programs	3,866,490	0	3,866,490
Total Program Services	56,476,435	0	56,476,435
Supporting Services:			
Administrative and General	12,200,864	0	12,200,864
Fund Raising	582,606	0	582,606
Total Supporting Services	12,783,470	0	12,783,470
Total Expenses	69,259,905	0	69,259,905
INCREASE IN NET ASSETS	12,580,651	4,013,686	16,594,337
NET ASSETS, BEGINNING OF YEAR	62,970,697	17,625,579	80,596,276
NET ASSETS, END OF YEAR	$ 75,551,348	$ 21,639,265	$ 97,190,613

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PATIENT SERVICES REVENUE			
TennCare	$ 35,192,487	$ 0	$ 35,192,487
Medicare	1,232,683	0	1,232,683
Commercial Insurance	2,164,603	0	2,164,603
Private Pay	107,693	0	107,693
Less: Contractual Adjustments	(10,340,223)	0	(10,340,223)
	28,357,243	0	28,357,243
Direct Federal Assistance:			
Department of Housing and Urban Development	381,671	0	381,671
Department of Health and Human Services	1,007,988	0	1,007,988
Department of Justice	126,414	0	126,414
Department of Agriculture	56,868	0	56,868
Department of Labor	105,414		105,414
Board of Parole and Probation	21,378	0	21,378
	1,699,733	0	1,699,733
State of Tennessee:			
Department of Finance and Administration	150,000	0	150,000
Department of Education	131,093	0	131,093
Department of Human Services	73,836	0	73,836
Treasury Department	67,000	0	67,000
Housing Development Agency	84,200	0	84,200
Department of Health	1,288,267	0	1,288,267
Office of Criminal Justice	1,963,542	0	1,963,542
Department of Children's Services	7,417,619	0	7,417,619
Department of Mental Health and Developmental Disabilities	16,363,710	0	16,363,710
	27,539,267	0	27,539,267
Other Grants	2,233,405	0	2,233,405
Local Governments:			
Knox County	2,838,245	0	2,838,245
Other Local Governments	1,133,519	0	1,133,519
	3,971,764	0	3,971,764
NET PATIENT SERVICES REVENUE	63,801,412	0	63,801,412

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CONTRIBUTIONS AND OTHER			
Contributions and Support	$ 75,953	$ 3,327,751	$ 3,403,704
Present Value and Allowance Adjustment of Contributions	(40,855)	0	(40,855)
United Way	1,330,219	0	1,330,219
Investment Return, Net	651,862	279,182	931,044
Unrealized Gain (Loss) on Investments	138,252	97,443	235,695
Gain (Loss) on Sale of Assets	115,820	0	115,820
Special Events, Net	497,700	0	497,700
Other Income	3,769,137	0	3,769,137
Total Contributions and Other	6,538,088	3,704,376	10,242,464
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	1,981,615	(1,981,615)	0
Total Revenues and Other Support	72,321,115	1,722,761	74,043,876
EXPENSES			
Program Services:			
Mental Health	23,285,525	0	23,285,525
Substance Abuse	7,261,927	0	7,261,927
Social Services	5,122,482	0	5,122,482
Crisis Services	7,042,443	0	7,042,443
Foster Care and Adoption	5,441,672	0	5,441,672
Early Intervention and Prevention	1,913,022	0	1,913,022
Justice Programs	3,759,124	0	3,759,124
Total Program Services	53,826,195	0	53,826,195
Supporting Services:			
Administrative and General	11,503,991	0	11,503,991
Fund Raising	562,139	0	562,139
Total Supporting Services	12,066,130	0	12,066,130
Total Expenses	65,892,325	0	65,892,325
INCREASE (DECREASE) IN NET ASSETS	6,428,790	1,722,761	8,151,551
NET ASSETS, BEGINNING OF YEAR	56,541,907	15,902,818	72,444,725
NET ASSETS, END OF YEAR	$ 62,970,697	$ 17,625,579	$ 80,596,276

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 16,594,337	$ 8,151,551
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	(6,749,546)	(235,695)
Realized (Gain) Loss on Investments	(948,329)	(255,274)
Discount Amortization on Investments	(259)	(16,975)
(Gain) Loss on Disposal of Assets	(206,068)	(115,820)
Depreciation and Amortization	1,666,843	1,645,610
Forgiveness of Grant Note Payable	(272,750)	(262,750)
Donated Land	0	(140,650)
Net Changes in:		
Receivables, Net	(2,254,708)	15,300
Prepaid Expenses	(122,837)	(56,212)
Accounts Payable	304,431	406,338
Deferred Compensation	369,470	165,849
Accrued Salaries Payable	204,876	214,922
Other Accrued Liabilities	226,219	502,919
Net Cash Provided by Operating Activities	8,811,679	10,019,113
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	682,545	410,464
Purchase of Property and Equipment	(7,143,686)	(3,207,520)
Proceeds from Sale of Investments	14,780,701	10,173,550
Purchase of Investments	(14,046,319)	(11,285,689)
Net Cash Used in Investing Activities	(5,726,759)	(3,909,195)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	274,922	(25,000)
Net Cash Provided by (Used in) Financing Activities	274,922	(25,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,359,842	6,084,918
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,145,464	11,060,546
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,505,306	$ 17,145,464
Supplementary Disclosure of Noncash Activities:		
Issuance of Leases Payable and Grant Notes Payable	$ 795,000	$ 0

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services								Supporting Services		
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	Total
Salaries & Wages	$ 16,283,868	$ 4,482,853	$ 2,618,662	$ 4,496,364	$ 2,808,726	$ 1,388,691	$ 2,449,615	$ 34,528,779	$ 7,291,561	$ 363,323	$ 42,183,663
Employee Benefits & Payroll Taxes	4,047,019	1,134,638	670,352	1,143,157	692,652	356,723	618,016	8,662,557	1,996,087	98,908	10,757,552
Professional Fees	111,984	28,554	24,683	167,453	65,564	9,615	9,513	417,366	275,422	92	692,880
Supplies	404,951	945,255	343,135	309,634	201,527	172,061	95,841	2,472,404	456,312	17,991	2,946,707
Telephone	312,729	97,565	66,124	66,696	27,626	31,465	52,706	654,911	136,752	6,695	798,358
Postage	2,922	683	1,338	455	739	114	124	6,375	18,195	262	24,832
Occupancy	1,068,758	522,503	888,950	243,146	344,743	112,191	160,436	3,340,727	610,731	13,043	3,964,501
Equipment, Rental & Maintenance	328,956	108,079	88,484	86,572	61,382	31,039	53,538	758,050	533,973	23,087	1,315,110
Printing & Publications	20,134	5,981	2,653	3,566	686	3,053	1,071	37,144	25,834	332	63,310
Travel	317,499	70,634	33,677	35,592	84,281	57,543	95,943	695,169	92,804	6,609	794,582
Conferences & Meetings	52,355	14,979	9,364	21,331	11,545	11,373	11,544	132,491	37,962	788	171,241
Insurance	260,661	88,617	98,842	62,742	65,752	24,290	44,875	645,779	187,005	3,483	836,267
Grants & Awards	0	925	22,821	0	1,064,580	0	0	1,088,326	0	0	1,088,326
Specific Assistance to Individuals	310,856	57,330	238,258	21,623	84,484	50,664	115,814	879,029	0	0	879,029
In Kind Expenses	0	219,534	56,157	268,985	0	0	0	544,676	25,789	0	570,465
Depreciation	408,051	181,524	327,430	93,902	156,694	35,346	142,160	1,345,107	311,150	8,554	1,664,811
Other Non-personnel	85,227	11,188	33,548	7,316	20,054	3,524	15,294	176,151	188,537	676	365,364
Total Center	24,015,970	7,970,842	5,524,478	7,028,534	5,691,035	2,287,692	3,866,490	56,385,041	12,188,114	543,843	69,116,998
Foundation Operations	91,394	0	0	0	0	0	0	91,394	12,750	38,763	142,907
Total Foundation	91,394	0	0	0	0	0	0	91,394	12,750	38,763	142,907
TOTAL	$ 24,107,364	$ 7,970,842	$ 5,524,478	$ 7,028,534	$ 5,691,035	$ 2,287,692	$ 3,866,490	$ 56,476,435	$ 12,200,864	$ 582,606	$ 69,259,905

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services								Supporting Services		
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	Total
Salaries & Wages	$ 15,534,135	$ 4,203,619	$ 2,548,453	$ 4,428,249	$ 2,718,173	$ 1,144,059	$ 2,323,812	$ **32,900,500**	$ 7,009,642	$ 331,199	$ **40,241,341**
Employee Benefits & Payroll Taxes	3,872,933	1,051,981	640,543	1,102,438	654,889	288,447	564,719	**8,175,950**	1,919,520	97,453	**10,192,923**
Professional Fees	138,994	95,192	40,517	216,742	65,756	11,613	70,193	**639,007**	182,221	738	**821,966**
Supplies	434,955	742,268	181,468	298,378	201,997	127,828	94,465	**2,081,359**	368,139	8,261	**2,457,759**
Telephone	261,140	85,812	58,746	48,510	23,266	19,371	41,514	**538,359**	92,907	5,424	**636,690**
Postage	3,503	133	536	499	391	438	143	**5,643**	15,563	387	**21,593**
Occupancy	1,045,044	452,198	740,834	326,273	276,298	55,372	145,267	**3,041,286**	499,790	9,257	**3,550,333**
Equipment, Rental & Maintenance	353,345	113,956	66,648	96,763	69,644	30,973	57,466	**788,795**	668,405	21,495	**1,478,695**
Printing and Publications	13,943	3,956	1,986	3,366	963	1,126	1,960	**27,300**	16,412	97	**43,809**
Travel	417,745	91,562	63,196	85,796	112,050	99,770	134,343	**1,004,462**	145,847	10,866	**1,161,175**
Conferences and Meetings	47,334	19,956	11,528	13,980	6,830	8,063	10,469	**118,160**	42,776	964	**161,900**
Insurance	269,601	86,239	105,864	69,707	66,191	22,833	45,517	**665,952**	149,734	26,218	**841,904**
Grants and Awards	0	1,500	18,178	0	1,046,044	0	0	**1,065,722**	115	0	**1,065,837**
Specific Assistance to Individuals	273,664	46,720	194,480	31,603	15,143	63,333	106,925	**731,868**	332	0	**732,200**
In-Kind Expenses	4,016	77,971	70,458	186,324	0	0	0	**338,769**	0	0	**338,769**
Depreciation	447,808	170,655	345,393	113,721	162,113	35,848	153,137	**1,428,675**	207,058	7,167	**1,642,900**
Other Non-Personnel	52,898	18,209	33,654	20,094	21,924	3,948	9,194	**159,921**	172,780	1,187	**333,888**
Total Center	23,171,058	7,261,927	5,122,482	7,042,443	5,441,672	1,913,022	3,759,124	**53,711,728**	11,491,241	520,713	**65,723,682**
Foundation Operations	114,467	0	0	0	0	0	0	**114,467**	12,750	41,426	**168,643**
Total Foundation	114,467	0	0	0	0	0	0	**114,467**	12,750	41,426	**168,643**
TOTAL	$ 23,285,525	$ 7,261,927	$ 5,122,482	$ 7,042,443	$ 5,441,672	$ 1,913,022	$ 3,759,124	$ **53,826,195**	$ 11,503,991	$ 562,139	$ **65,892,325**

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

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Helen Ross McNabb Center (the "Organization" or the "Center") is a private, not-for-profit community mental health center devoted to the diagnosis, treatment, prevention and rehabilitation of mental illness and is a health and welfare organization providing room, board, counseling and rehabilitation assistance to individuals involved in alcohol and drug detoxification programs in the East Tennessee area. Its primary sources of funding are state and federal public health programs and grants, local government programs, private support from individuals, businesses, and community organizations. These consolidated financial statements include the accounts of the Center and its subsidiary, McNabb Center, LLC (see Note 16).

These consolidated financial statements include the financial position and results of operations of the Helen Ross McNabb Mental Health Foundation, Inc. (the "Foundation"), the Center's affiliate. The Foundation solicits, receives, holds, administers, invests and disburses funds to be used for and on behalf of the Helen Ross McNabb Center, Inc., its facilities, and programs. These financial statements also include the accounts of the Foundation's subsidiary, HRMF, LLC (see Note 16).

Nonprofit organizations may hold ownership interests in other nonprofit entities. Consolidated statements are permitted but not required where control exists through a form other than majority ownership or majority voting interest in the board of the related entity. Consolidated financial statements may be prepared when not required if such consolidation would be meaningful. These consolidated financial statements are based on the assumption that they present the financial position and the change in net assets of a single entity.

Basis of Accounting - The consolidated financial statements of Helen Ross McNabb Center, Inc. and its affiliate have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

Estimates - The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Although these estimates are based on management's knowledge of current events and actions they may undertake in the future, actual results could vary from those estimates. Estimates are used when accounting for receivables, allocation of expenses, and contingencies, among others.

Reclassifications - Certain items in the 2020 financial statements have been reclassified to conform with the 2021 financial statements.

Principles of Consolidation - The consolidated financial statements include the accounts of Helen Ross McNabb Center, Inc. and the Helen Ross McNabb Mental Health Foundation, Inc. (the "Organization"). All significant inter-entity transactions and balances have been eliminated in the consolidation.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions.

Contributions are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such in the statement of activities.

Income Tax Status - Both the Center and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, both the Organization and the Foundation have been classified as organizations that are not private foundations under Section 509(a)(2). The Center and the Foundation file annual returns of organizations exempt from income taxes with the IRS.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of ninety days or less to be cash equivalents. Cash and cash equivalents exclude permanently restricted cash and cash equivalents.

Investments - The Organization's investments are carried at their estimated fair values in the statement of financial position. Fair value of the Organization's investments is based on quoted market prices. Investment transactions are recorded on trade date. Any realized and/or unrealized gain or loss is reported in the statement of activities. Dividend and interest income is accrued when earned.

Contributions and Pledges Receivable - Contributions are recognized as revenue by the Organization when the donor makes a promise to give that is in substance, unconditional. Pledges of contributions are recorded at their estimated net realizable value which includes adjusting receivables for uncollectible amounts and reducing the carrying amount of long-term pledges to their present value. Contributions are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increased in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such in the statement of activities. Deferred revenue represents funds received in advance for conditional program support.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on management's experience and management's judgment of collectability. Uncollectible amounts are written off and charged against the allowance at the point the receivable is deemed uncollectible by management. The provision for uncollectibles is computed based upon management's judgment and analysis of past collection experiences and other relevant factors, as necessary. The carrying amount of long-term pledges includes a discount to present value. The present value adjustment is determined using a discount rate approximately equivalent to treasury yields of similar maturity compounded monthly over the donor stipulated pledge period.

Revenue Recognition- The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* using the modified retrospective method for all contracts effective July 1, 2020. The Organization evaluated the nature, amount, timing and uncertainty of revenue and cash flows using the five-step process provided within ASU 2014-09, 1) Identify contract with the customer 2) Identify separate performance obligations 3) Determine the transaction price 4) Allocate the transaction price to the separate performance obligations 5) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue is primarily derived from services rendered to patients for inpatient care and residential treatment. The services provided have no fixed duration and can be terminated by the patient of the facility at any time, and therefore, each treatment is its own stand-alone contract.

Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Organization recognizes revenue as its performance obligations are completed. The performance obligation is satisfied over time as the patient simultaneously receives and consumes the benefits of the health care services provided. For inpatient services, the Organization recognizes revenue equally over the patient stay on a daily basis. For outpatient services, the Organization recognizes revenue equally over the number of treatments provided in a single episode of care. Typically, patients and third-party payors are billed within several days of the service being performed or the patient being discharged.

As our performance obligations relate to contracts with a duration of one year or less, the Organization elected the optional exemption in ASC 606-10-50-14(a). Therefore, the Organization is not required to disclose the transaction price for the remaining performance obligations at the end of the reporting period or when the Organization expects to recognize revenue. The Organization has minimal unsatisfied performance obligations at the end of the reporting period as patients typically are under no obligation to remain admitted in the facilities.

Premium Revenue - The Center has agreements with United HealthCare Community Plan, AmeriGroup, and BlueCare to provide TennCare mental health services to enrolled members. Under this agreement, the Center receives monthly case rate payments based on the number of clinical events performed by the Center. In addition, these organizations made fee-for-service payments to the Center for certain covered services based upon discounted fee schedules.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Patient Service Revenue - The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including contractual adjustments under reimbursement agreements with third-party payers. Contractual adjustments are recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient services rendered to Medicare program beneficiaries are paid at fee for service rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Organization also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Support funded by grants is recognized as the Center performs contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays can be subject to audit and acceptance by granting agency and as a result of such, adjustments could be required.

Donated Assets and Services - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their personal time. The value of this contributed time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement or valuation.

Special Events - Revenues from special events are presented net of the direct costs associated with the special events. These direct costs for the years ended June 30, 2021 and 2020 were $238,239 and $403,276, respectively.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are charged to program services, management and general, and fund-raising functions based on direct expenses incurred. Indirect expenses are allocated among the program and supporting services benefited.

Receivables - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not recognize late fee income on receivables. Receivables are considered past due or delinquent after 90 days. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance. The provision is based on estimated collection percentages applied to aging category balances for insurance, Medicare, TennCare, and private pay. For grants and contracts, the valuation allowance is based on its assessment of the current status of its individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Balances outstanding from Medicare, TennCare, and commercial carriers that are uncollectible for various reasons such as non-covered services, services provided by non-licensed providers, and services provided in excess of authorizations, are written-off through a charge to revenue adjustment accounts and a credit to the applicable accounts receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes equipment with a cost or donated fair market value in excess of $5,000 and capitalizes building improvements in excess of $25,000. Depreciation is computed using primarily the straight-line method.

Annual Leave - Vacation benefits accumulate and vest with the employee. An accrued annual leave liability has been reported in the consolidated financial statements for the estimated value of unpaid accrued leave.

Advertising Costs - Advertising costs are expensed as incurred. Advertising costs for marketing and public relations for the years ended June 30, 2021 and 2020 were $104,850 and $69,668, respectively.

Adoption of New Accounting Standards - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The new standard is effective for fiscal years beginning after December 15, 2019. The adoption of ASU 2014-09 did not have a material impact on the Organization's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 did not have a material impact on the Organization's financial statements.

Recent Accounting Pronouncements – In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which applies to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The new standard is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 is not expected to have a material impact on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in the AS supersedes the leasing guidance in topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as ether finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the adoption of AUS 2016-02 on its financial statements.

Evaluation of Subsequent Events - The Organization's management has evaluated subsequent events through November 16, 2021, which is the date the consolidated financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2021	2020
Financial Assets at Year End	$ 68,120,531	$ 55,396,829
Less Funds Unavailable for General Expenditures Within One Year:		
Restrictions by Donor	(21,639,265)	(17,625,579)
Board Designated Endowment Funds	(28,021,816)	(18,934,085)
Total Financial Assets Available to Meet General Expenditures Within the Next 12 Months	$ 18,459,450	$ 18,837,165

Financial assets at year-end includes donor-restricted funds and board-designated endowment funds which are not available for general expenditure. Income from donor-restricted endowments may be restricted for specific purposes, with the exception of the amounts available for general use. Although the Organization does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization regularly monitors the availability of resources required to meet its recurring operating needs as well as its capital needs. The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash may be invested in short-term investments. The Organization also has a $5,000,000 line of credit available to meet cash flow needs.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2021 and 2020, the Organization's cash and cash equivalents consisted of the following:

	2021	2020
Petty Cash	$ 2,077	$ 2,646
Checking - Operations	1,260,271	315,955
U.S. Government and Federal Agency Obligations Under Repurchase Agreements	19,242,958	16,826,863
Total	$ 20,505,306	$ 17,145,464

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

At June 30, 2021 and 2020, the Organization had the following investments, carried at fair value:

Fair Value Measurements Using Level 1	2021 Carrying Value (Fair Value)	2020 Carrying Value (Fair Value)
Restricted for Deferred Compensation Plans		
Mutual Funds:		
Equity	$ 958,311	$ 588,841
Restricted for Endowment		
Cash Management Account	19,478	613,202
Certificate of Deposit	1,593,480	2,406,336
Federated Government Obligations Fund	369,710	253,156
Mutual Funds:		
Fixed Income	6,671,421	5,528,088
Equity	15,024,157	8,718,455
Corporate Equities	10,324,289	6,923,691
	34,002,535	24,442,928
Fair Value Measurements Using Level 2		
Short-Term		
Treasury Bills	0	1,986,740
Restricted for Endowment		
Treasury Bills	0	499,890
Corporate Obligations	288,471	444,954
Government Obligations	1,141,759	1,318,571
	1,430,230	2,263,415
Total	$ 36,391,076	$ 29,281,924

As of June 30, 2021 and 2020, all of the Organization's investments are recorded at fair value on a recurring basis. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset and liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization has a diversified portfolio in a variety of asset classes managed by independent investment managers. The Organization regularly evaluates its investments including performance thereof. Due to inherent risk and potential volatility in investment valuations, the amounts reported in these consolidated financial statements can vary substantially from year to year.

The Center maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with these financial institutions at June 30, 2021 and 2020 totaling $13,749,949 and $13,631,342, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. There were no amounts of cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2021 and 2020.

The Foundation maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with this financial institution at June 30, 2021 and 2020 totaling $5,493,010 and $3,195,521, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. There were no amounts of cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2021 and 2020.

The Center's receivable balance at June 30, 2021 and 2020 consisted of fees for patient services through contractual agreements, private pay insurance providers and grantor agencies. Accordingly, these fees are subject to adjustment or denial by the providers.

Because of the nature of the Organization, a significant percentage of its revenue is derived from the State of Tennessee (including TennCare) and the federal government. As a result, a reduction in state and federal funding could have a profound effect on the Organization's operations. State and federal funding represented 89% and 92% of total revenue for the years ended June 30, 2021 and 2020, respectively.

Additionally, a substantial portion of the Foundation's contributions is received from individuals and/or their related businesses from the East Tennessee region, including long-term pledges. The majority of these pledges are expected to be received within 5 years. These receivables are contingent upon donors honoring their pledge commitments to the Foundation. Large fluctuations in these types of contributions could have a negative impact upon the level of financial support contributed to the Foundation.

NOTE 6 - ACCOUNTS RECEIVABLE - PATIENT SERVICES

Net patient service receivable is reported at the estimated net realizable amount from patients, third-party payers, and others for services rendered. A summary of the accounts receivable is as follows:

	2021	2020
TennCare	$ 2,392,950	$ 1,743,858
State and Federal Grants	6,538,738	4,385,209
Other Grants and Subsidies Receivable	604,402	784,995
Medicare, Commercial Insurance, and Private Pay	512,286	570,398
Allowance for Doubtful Accounts	(835,340)	(732,942)
Total	$ 9,213,036	$ 6,751,518

As of June 30, 2021 and 2020, the amount of accounts receivable greater than 90 days was $100,269 and $240,382, respectively. The change in the valuation allowance is as follows:

	2021	2020
Beginning Balance	$ 732,942	$ 1,049,012
Provision	431,789	(50,055)
Charge Offs (Recovery)	(329,391)	(266,015)
Ending Balance	$ 835,340	$ 732,942

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable are due as follows:

	2021	2020
Due Within One Year	$ 1,387,505	$ 1,392,354
Due in One to Five Years	839,040	1,044,209
Due After Five Years	0	25,000
Gross Pledges Receivable	2,226,545	2,461,563
Less: Present Value Allowance and Allowance for Uncollectible	(215,432)	(243,640)
Pledges Receivable - Net	$ 2,011,113	$ 2,217,923

As of June 30, 2021 and 2020, the entire pledges receivable amounts noted above had donor-imposed restrictions for use with various programs.

The change in the allowance for uncollectible is as follows:

	2021	2020
Beginning Balance	$ 123,078	$ 102,502
Adjustment for Uncollectible Pledges	(3,648)	5,425
Recoveries, Charge Offs	(8,103)	15,151
Ending Balance	$ 111,327	$ 123,078

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation follows:

	2021	2020
Land and Buildings	$ 50,409,544	$ 44,450,782
Furniture and Equipment	5,037,944	5,328,476
Construction in Progress	4,400,718	4,038,367
Total	59,848,206	53,817,625
Less: Accumulated Depreciation	(19,267,053)	(18,886,438)
Property and Equipment, Net	$ 40,581,153	$ 34,931,187

The depreciation expense for the years ended June 30, 2021 and 2020 was $1,666,843 and $1,645,610, respectively.

NOTE 9 - NOTES PAYABLE AND LEASES PAYABLE

Line of Credit

The Center maintains an unsecured line of credit with a local financial institution in the amount of $5,000,000 with variable interest rate. The line is available until October 3, 2023. Advances on the line are payable upon demand. If there is no demand, the balance is not payable until termination of the line on October 3, 2023. Interest is to be paid monthly at the current index rate. This rate at June 30, 2021 and 2020 was 4.0%. No funds were borrowed from this line of credit during the years ended June 30, 2021 and 2020.

NOTE 9 - NOTES PAYABLE AND LEASES PAYABLE (Continued)

Grant Notes Payable

The Center has received funding on several grant awards which contain refundable or recoverable provisions if the purpose of each individual grant is not met. Generally, these grant agreements are considered forgiven over time or the refundable provision expires at the end of term of the grant agreement. The Center has recorded grant notes payable associated with these grant agreements to reflect the liability. Terms of these grant agreements expire at various dates through 2041. A summary of grant notes payable by grantor as of June 30, 2021 and 2020 is as follows:

	2021	2020
Knox County, Tennessee	$ 1,245,234	$ 1,339,984
City of Knoxville, Tennessee	500,000	530,000
Tennessee Housing Development Agency	234,000	312,000
Tennessee Department of Mental Health and Substance Abuse Services	1,942,498	1,712,576
Grant Notes Payable	$ 3,921,732	$ 3,894,560

Scheduled forgiveness of these notes payable at June 30, 2021 are as follows:

2022	$ 202,750
2023	362,750
2024	296,750
2025	384,750
2026	124,750
Thereafter	2,549,982
Total	$ 3,921,732

Notes Payable

The Center has an agreement with Knox County for improvement of the John Tarleton infrastructure for $250,000. The amount will be repaid in annual installments for $25,000 for a period of 10 years (2026) contingent on the Center occupying the facilities and providing professional childcare and facility maintenance. The balance at June 30, 2021 was $125,000 ($150,000 at June 30, 2020).

Leases Payable

The Center has entered into lease agreements for various properties during the year ended June 30, 2021. These leases mature in 2026 and providing the Organization an option to purchase the properties at bargain prices.

NOTE 10 - RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan), made available by Internal Revenue Code Section 403(b). The trustee and investment custodian of the Plan is the Trust Company of Knoxville. The Plan is open to all employees who are employed at least 1,000 hours per calendar year. An employee may elect to contribute up to the IRS maximum allowable of their annual salary. After 1 year of service, the Organization contributes 1.25% of compensation in the second year of service which increases up to a maximum of 10%. During the year ended June 30, 2021 and 2020, the Organization contributed $1,821,454 and $1,706,788, respectively to the Plan on behalf of eligible participants. Employees are 100% vested upon entry into the Plan.

NOTE 11 - DEFERRED COMPENSATION PLANS

The Organization has a nonqualified deferred compensation plan for certain key employees. The Plan will set aside an amount equal to 7% of the employee's compensation. The participating employees are 100% vested after 10 years. Upon vesting, the participant will receive a lump sum payment net of taxes. During the years ended June 30, 2021 and 2020, the Organization contributed approximately $253,000 and $166,000, respectively to the Plan on behalf of eligible participants.

NOTE 12 - CONDITIONAL PROMISE TO GIVE

The Organization is named as a beneficiary in certain individuals' wills, life insurance policies, and other various charitable instruments in which the donors have retained the right to amend or revoke the charitable remainder beneficiary designations. The conditional promises will not be recognized until the promises become unconditional.

NOTE 13 - BOARD DESIGNATED NET ASSETS

The Board of Directors periodically designates certain assets for specific purposes. These designations can be changed or rescinded at the discretion of the Board. Board designated amounts are included in net assets without donor restrictions.

	2021	2020
Undesignated	$ 61,846,567	$ 52,765,916
Designated - Transfer from Center	13,704,781	10,204,781
Total Nets Assets without Donor Restrictions	$ 75,551,348	$ 62,970,697

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Subject to Expenditure for a Specific Purpose:		
Mental Health	$ 3,607,218	$ 3,672,216
Child and Youth Services	540,255	736,043
Program Support	3,671,448	2,471,523
Capital Support	1,829,880	1,593,431
	9,648,801	8,473,213
Endowment:		
Subject to Appropriation and Expenditure:		
Mental Health	1,583,666	945,253
Child & Youth Services	6,217,106	4,296,250
Program Support	699,155	480,336
Substance Abuse	151,024	91,014
	8,650,951	5,812,853
Subject to be Held in Perpetuity:		
Mental Health	1,529,960	1,529,960
Child & Youth Services	1,709,553	1,709,553
Substance Abuse	100,000	100,000
	3,339,513	3,339,513
Total Endowment	11,990,464	9,152,366
Total Nets Assets with Donor Restrictions	$ 21,639,265	$ 17,625,579

NOTE 15 - ENDOWMENT FUNDS

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). GAAP also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The Board of Directors has determined that some of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the Organization's policy is to report (a) the original value of gifts donated to the endowment as net assets with donor restrictions, (b) the original value of subsequent gifts to the endowment as net assets with donor restrictions, and (c) the net accumulation appreciation as net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - Most of the Organization's donors do not restrict the use of the endowment investment earnings or net appreciation; therefore, distributions have been based on the investment earnings. The State of Tennessee's UPMIFA act clarifies that distributions are to be determined on a percentage (not to exceed 7%) of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of 3 years immediately preceding the year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment investment assets, the nature and duration of the endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets.

Composition of and changes in endowment donor-designated net assets for the years ended June 30, 2021 and 2020 were as follows:

As of June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ 16,290,188	$ 8,652,366	$ 24,942,554
Contributions/Transfers	2,033,370	278,434	2,311,804
Investment Income	312,895	179,405	492,300
Net Realized/Unrealized Gains (Losses)	5,190,082	2,355,202	7,545,284
Investment Expenses	(70,332)	(39,942)	(110,274)
ENDOWMENT NET ASSETS, END OF YEAR	$ 23,756,203	$ 11,425,465	$ 35,181,668

NOTE 15 - ENDOWMENT FUNDS (Continued)

As of June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	$ 14,361,017	$ 7,940,861	$ 22,301,878
Contributions/Transfers	1,348,478	373,427	1,721,905
Investment Income	317,111	181,456	498,567
Net Realized/Unrealized Gains (Losses)	320,997	189,300	510,297
Investment Expenses	(57,415)	(32,678)	(90,093)
ENDOWMENT NET ASSETS, END OF YEAR	$ 16,290,188	$ 8,652,366	$ 24,942,554

NOTE 16 - RELATED PARTY TRANSACTION

The Helen Ross McNabb Mental Health Foundation is a private foundation organized to support the activities, facilities and programs of the Helen Ross McNabb Center. The Foundation has agreed to reimburse the Center for certain capital projects and for its administrative and other operational costs incurred, which have been paid on behalf of the Foundation by the Center. The balance due the Center from the Foundation at June 30, 2021 and 2020 was $285,889 and $488,594. respectively. Amounts paid to the Center from the Foundation during the years ended June 30, 2021 and 2020 were $1,794,201 and $2,519,960, respectively.

The development office of the Helen Ross McNabb Center provides services to the Foundation for management, facilities and equipment and certain supplies. The Foundation has paid the Center for these services in the amounts of $551,223 for 2021 and $554,769 for 2020.

The Helen Ross McNabb Center completed equity transfers to the Foundation in the amounts of $3,500,000 for 2021 and $2,200,000 for 2020. The equity transfers have been recorded in the Consolidating Statement of Activities.

Prior to the current period, the Center formed and is the sole member of McNabb Center, LLC. McNabb Center, LLC is an active entity but has had no financial activities in June 30, 2021 and 2020.

Prior to the current period, the Foundation formed and is the sole member of HRMF, LLC (HRMF). HRMF is a nonprofit limited liability company created to accept donations of certain noncash contributions on behalf of the Foundation. HRMF is considered a disregarded entity for tax reporting purposes (activity is reported by the Foundation as if HRMF is not a separate entity). There were no material related party transactions or balances between the Foundation and HRMF during the years ended June 30, 2021 and 2020.

SUPPLEMENTARY SECTION

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Appalachian Regional Commission				
Appalachian Regional Commission Direct Assistance:				
Appalachian Area Development	23.002	TN-19640-19	$ -	$ 3,446
Total Appalachian Regional Commission Direct Assistance				3,446
Total Appalachian Regional Commission				**3,446**
U.S. Bureau of Justice Assistance				
Passed Through Tennessee Department of Mental Health:				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	Edison 68982	-	26,064
Total Passed Through Tennessee Department of Mental Health				26,064
Total U.S. Bureau of Justice Assistance				**26,064**
U.S. Department of Agriculture				
U.S. Department of Agriculture Direct Assistance:				
National School Lunch Program	10.555		-	66,429
Total U.S. Department of Agriculture Direct Assistance				66,429
Passed through the Tennessee Department of Human Services				
Supplemental Nutrition Assistance Program	10.551		-	78,170
Total Passed through Tennessee Department of Human Services				78,170
Total U.S. Department of Agriculture				**144,599**
U.S. Department of Homeland Security				
Passed Through United Way Blount County				
Emergency Food and Shelter National Board Program				
COVID-19 Emergency Food and Shelter	97.024	LRO ID 762400-015	-	19,586
Total Passed Through United Way Blount County				19,586
Passed Through Tennessee Department of Mental Health				
Crisis Counseling				
COVID-19 Immediate Services Crisis Counseling Program	97.032	Edison 67508	-	63,996
Total Passed Through Tennessee Department of Mental Health				63,996
Total U.S. Department of Homeland Security				**83,582**
U.S. Department of the Treasury				
Passed Through United Way of Greater Knoxville				
Coronavirus Relief Fund				
COVID-19 Coronavirus Relief Fund	21.019		-	285,017
Total Passed Through United Way of Greater Knoxville				285,017
Total U.S. Department of the Treasury				**285,017**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745			
Criminal and Juvenile Justice and Mental Health Collaboration Program (BOPP)		0649-2020-121		14,337
Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO-PRN)		0649-2020-0120		7,140
Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO) Probation		0649-2020-0126	-	230
Total Assistance Listing Number 16.745				21,707
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2016-WH-AX-0031	-	181,893
Total U.S. Department of Justice Direct Assistance				203,600
Passed through the Tennessee Department of Finance and Administration				
Crime Victim Assistance	16.575			
Victims of Crime Act - Family Crisis Center		Edison 41684	-	715,351
Victims of Crime Act - SACET		Edison 41685	-	1,035,823
Victims of Crime Act - Adult Re-Entry		Edison 42795	-	63,163
Total Passed through Tennessee Department of Finance and Administration				1,814,337
Passed through Tennessee Department of Mental Health				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	Edison 68064	-	7,662
Total Assistance Listing Number 16.838				7,662
Crime Victim Assistance	16.575	Edison 66890	-	119,616
Total Passed through Tennessee Department of Mental Health				127,278
Passed through Sevier County Juvenile Court				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	85,129
Total Passed through Sevier County Juvenile Court				85,129
Total U.S. Department of Justice				**2,230,344**
U.S. Department of Housing and Urban Development				
U.S. Department of Housing and Urban Development Direct Assistance:				
Continuum of Care Program	14.267			
Consolidated Permanent Housing/Supportive Housing Grant		TN0036L4J021912	-	408,647
Total U.S. Department of Housing and Urban Development Direct Assistance				408,647
Passed through Tennessee Housing Development Agency				
Emergency Solutions Grant Program	14.231			
Emergency Solutions Grant Program		Edison 65860	-	72,857
Emergency Solutions Grant Program		Edison 66817	-	2,439
Total Passed through Tennessee Housing Development Agency				75,296
Total U.S. Department of Housing and Urban Development				**483,943**
U.S. Department of Health and Human Services				
U.S. Department of Health and Human Services Direct Assistance:				
Enhance Safety of Children Affected by Substance Abuse	93.087			
Regional Partnership for Families		90CU0080-03-01	-	145,339
Regional Partnership for Families		90CU0080-04-02	-	461,519
Total Assistance Listing Number 93.087				606,858

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (Continued)				
Basic Center Grant	93.623			
Basic Center Program		90CY7080-02-01	-	34,120
Basic Center Program		90CY7080-03-01	-	121,529
Total Assistance Listing Number 93.623				155,649
Substance Abuse and Mental Health Serivces (SAMHSA) Direct Assistance:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	6H79TI083365-01M001	-	192,065
Total Assistance Listing Number 93.243				192,065
Transitional Living for Homeless Youth	93.550			
Transitional Living for Homeless Youth Program		90CX7178-03-01	-	33,058
Transitional Living for Homeless Youth Program		90CX7178-04-01	-	153,982
Total Assistance Listing Number 93.550				187,040
Total U.S. Department of Health and Human Services Direct Assistance				1,141,612
Passed through Tennessee Department of Children's Services				
Teenage Pregnancy Prevention Program	93.297	Edison 52555	-	89,598
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Edison 60799	-	50,000
Community-Based Child Abuse Prevention Grants	93.590			
Child Abuse Prevention - East Region		Edison 57228	-	12,203
Child Abuse Prevention - Knox Region		Edison 57227	-	14,705
Child Abuse Prevention - Smokey Region		Edison 57224	-	5,588
Total Assistance Listing Number 93.590				32,496
Total Passed through Tennessee Department of Children's Services				172,094
Passed through Tennessee Department of Health				
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	GR1960278	-	747,622
Total Assistance Listing Number 93.870				747,622
Mental Health Disaster Assistance and Emergency Mental Health	93.982			
COVID-19 Crisis Counseling Grant - Regular Service Program (RSP)		Edison 68741	-	112,488
Total Assistance Listing Number 93.982				112,488
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			
COVID-19 Behavioral Health Care Response (Mental Health Services)		Edison 67192	-	8,522
Total Assistance Listing Number 93.665				8,522
Total Passed through Tennessee Department of Health				868,632
Passed through Tennessee Department of Mental Health				
Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243	Edison 66489	-	214,818
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 71497	-	189,266
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 64168	-	14,053
Substance Abuse and Mental Health Services Project of Regional and National Significance		Edison 67965	-	97,297
Total Assistance Listing Number 93.243				515,434

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Opioid State Targeted Response (STR)	93.788			
Criminial Justice (CJ) State Opioid Response (SOR) GFY20		Edison 64498	-	29,993
State Opioid Response - HUB		Edison 64498	-	609,285
State Opioid Response - Spoke (SOR Spoke)		Edison 64577	-	230,597
State Opioid Response II- HUB		Edison 69460	-	130,776
TN State Opioid Response (SOR) HUB GFY20		Edison 64498	-	417,508
TN State Opioid Response (SOR) HUB Supplemental		Edison 64498	-	367,242
Total Assistance Listing Number 93.788				1,785,401
U.S. Department of Health and Human Services (Continued)				
Block Grants for Community Mental Health Services	93.958			
Community Targeted Transition Services		Edison 66295	-	56,409
First Episode Psychosis Initiative (FEPI)		Edison 66359	-	405,000
Inpatient Targeted Transitional Support		Edison 66522	-	40,000
Older Adults Program		Edison 62779	-	70,000
Project B.A.S.I.C. (Better Attitudes and Skills in Children)		Edison 66726	-	48,019
Regional Intervention Programs		Edison 66789	-	119,999
School Based Behavioral Health Liaisons		Edison 66891	-	186,500
Total Assistance Listing Number 93.958				925,927
Block Grants for Prevention and Treatment of Substance Abuse	93.959			
Adolescent Substance Use Disorders Services Program (ASUDSP)		Edison 66825	-	158,416
Adult Continuum of Care (COC)		Edison 65804	-	1,504,338
Tennessee Prevent Network		Edison 65807	-	99,828
Women's Recovery Oriented System of Care (WROSC)		Edison 65806	-	229,983
Women's Recovery Oriented System of Care (WROSC)/Pregnant Women's Services		Edison 65806	-	498,271
Total Assistance Listing Number 93.959				2,490,836
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104			
System of Care Across Tennessee (SOCAT) Initiative		Edison 64186	-	73,496
Total Assistance Listing Number 93.104				73,496
Mental Health Disaster Assistance and Emergency Mental Health	93.982	Edison 69425	-	200,000
Total Assistance Listing Number 93.982				200,000
Temporary Assistance for Needy Families	93.558			
System of Care Across Tennessee (SOCAT) TANF Initiative		Edison 70501	-	32,726
Total Assistance Listing Number 93.558				32,726
Passed Through Tennessee Department of Human Services				
Temporary Assistance for Needy Families	93.558			
Community Based Two Generation Services		Edison 68094	-	216,503
Total Assistance Listing Number 93.558				216,503
Passed Through Tennessee Department of Human Services and Passed Through United Way of Greater Chattanooga				
Temporary Assistance for Needy Families	93.558			
Community Based Two Generation Services - United Way of Greater Chattanooga		Edison 68172	-	168,687
Total Assistance Listing Number 93.558				168,687

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Injury Prevention and Control Research and State and Community Based Programs	93.136			
TN Jail Navigator (TDOH)SFY21		Edison 66150	-	47,197
Total Assistance Listing Number 93.136				47,197
Projects for Assistance in the Transition from Homelessness (PATH)	93.150	Edison 66567	-	99,659
Total Passed through Tennessee Department of Mental Health				6,555,866
Passed through University of Tennessee Knoxville				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			
Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services		1H79TI080738-03	-	60,848
Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services		1H79TI080738-04	-	218,591
Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative		H79SP080246-01	-	20,971
Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative		H79SP080246-02	-	57,440
Tennessee's Homeless Family Services in Supportive Housing Program		1H79SM063323-03		37,661
Tennessee's Homeless Family Services in Supportive Housing Program		1H79SM063323-04	-	96,986
Total Assistance Listing Number 93.243				492,497
Total Passed through University of Tennessee Knoxville				492,497
Total U.S. Department of Health and Human Services				**9,230,701**
U.S. Department of Labor				
U.S. Department of Labor Direct Assistance:				
Women's Bureau	17.700	WB-34018-19-60-A-47	-	170,672
Total U.S. Department of Labor Direct Assistance				170,672
Total U.S. Department of Labor				**170,672**
U.S. Department of Education				
Passed through Tennessee Department of Education				
21st Century Community Learning Centers	84.287			
21st CCLC Cohort 2018		S287C190043	-	49,927
21st Century Community Learning Center Program			-	57,411
Total Assistance Listing Number 84.287				107,338
Education Stabilization Fund	84.425			
COVID-19 Emergency Assistance to Non-Public Schools		21-NP_470_9040000	-	70,913
Total Assistance Listing Number 84.425				70,913
Total Passed through Tennessee Department of Education				178,251
Total U.S. Department of Education				**178,251**
TOTAL FEDERAL AWARDS			$ -	$ **12,836,619**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS			
Tennessee Department of Health	Healthy Start Home Visiting Program	GR1959377	$ 369,600
	Total Tennessee Department of Health		**369,600**
Tennessee Department of Mental Health and Substance Abuse Services	Addictions Recovery Program (ARP)	Edison 65805	4,655
	Adolescent Substance Use Disorders Services (ASUDSP)	Edison 66825	385,032
	Alcohol and Drug Addiction Indigent Supervised Probation Offenders Treatment (ADAT-SPOT)	Edison 65868	16,475
	Alcohol and Drug Addiction Treatment (ADAT for Indigent Driving under the Influence (ADAT-DUI)	Edison 65838	20,723
	Behavioral Health Safety Net for Adults (BHSN-Adult of TN)	Edison 62130	2,088,104
	Behavioral Health Safety Net for Children (BHSN-Children of TN)	Edison 67664	110,728
	Children and Youth Homeless Outreach Project (CYHOP)	Edison 66805	74,012
	Community Supportive Housing	Edison 62640	75,000
	Comprehensive Forensic Evaluations	Edison 65808	56,000
	Continuum of Care - State Amendment	Edison 65804	431,213
	Creating Homes Initiative 2 (CHI2) Regional Substance Use Housing Facilitators	Edison 67156	199,871
	Criminal Justice A&D and MH Liaisons-Lakeshore	Edison 66150	526,659
	Criminal Justice Enhancement - State (CJES)	Edison 65838	47,624
	Criminal Justice/Behavioral Health Liaison	Edison 66150	182,742
	CRISIS Stabilization Unit	Edison 62856	1,727,193
	CRISIS Walk-in Triage	Edison 62856	559,200
	CRISIS-East TN Diversion	Edison 62856	114,050
	CRISIS-Mobile Crisis	Edison 62856	534,811
	CRISIS-Youth Mobile Crisis	Edison 62856	116,810
	First Episode Psychosis Initiative (FEPI)	Edison 66359	190,000
	HIV/AIDS Early Intervention Services	Edison 66693	156,562
	Inpatient Targeted Transitional Support (ITTS-ET)	Edison 66522	199,999
	Intensive Long-Term Support Services Program - East TN (ILSSP-ET)	Edison 66541	1,072,570
	Intensive Long-Term Support Services Program (ILSSP) Region Three	Edison 66940	311,285
	Juvenile Justice Reform Local Diversion (JJR Grant)	Edison 66792	880,000
	Medically Monitored Withdrawal Management (MMWM) Lakeshore	Edison 66743	616,632
	Medically Monitored Withdrawal Management (MMWM) State	Edison 66743	74,956
	Peer Support Centers	Edison 62881	376,470
	Peer Wellness Coach - East Tennessee	Edison 66570	63,999
	Projects for Assistance in the Transition from Homelessness (PATH)	Edison 66567	35,240
	School Based Behavioral Health Liaisons	Edison 66891	676,736
	Supported Employment Initiative	Edison 66120	93,499
	Tennessee Certified Recovery Court Treatment Services Program	Edison 66348	150,000
	Tennessee Movie Initiative (TMI)	Edison 66694	207,488
	Tennessee Recovery Oriented Compliance Strategy (TN-ROCS)	Edison 66153	199,515
	TN Department of Correction Community Treatment Collaborative	Edison 65928	101,572
	Women's Recovery Oriented System of Care - Pregnant Women's State	Edison 65806	38,397
	Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS)	Edison 65806	109,449
	Total Tennessee Department of Mental Health and Substance Abuse		**12,825,271**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2021

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS (Continued)			
Tennessee Department of Children's Services	After Care Program (EXIT)	Edison 56496	292,024
	Child Abuse Prevention - East Region	Edison 57228	29,290
	Child Abuse Prevention - Knox Region	Edison 57227	35,295
	Child Abuse Prevention - Smokey Region	Edison 57224	13,412
	Community Intervention Services (Homebase)	Edison 56466	266,782
	Custody Prevention Services (Knox County Juvenile Court)	Edison 56479	183,392
	DCS Continuum	PBC01700	6,404,632
	Local Education Funding (BEP)	BEP-no number	54,063
	PBC Incentive	PBC012019	22,442
	Special Education Grant for Lakebrook Academy and Gateway Center	SPED01708	5,228
	Total Tennessee Department of Children's Services		**7,306,560**
Tennessee Department of Treasury - Sexual Assault Forensic Examination (SAFE)	SANE - TN Exam Reimbursement	none	58,290
	Total Tennessee Department of Treasury		**58,290**
Tennessee Department of Human Services Passed Through Tennessee Department of Health	Blount County 2GEN Healthy Families	GR1960278-02	70,159
	Total Tennessee Department of Human Services		**70,159**
Tennessee Association for Needy Families Passed Through Tennessee Department of Health	Home Visiting Grainger, Morgan, Loudon, and Roane	GR1960278-02	194,055
	Total Tennessee Association for Needy Families		**194,055**
	TOTAL STATE ASSISTANCE PROGRAMS		**20,823,935**
	TOTAL FEDERAL AND STATE ASSISTANCE PROGRAMS		**$ 33,660,554**

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Helen Ross McNabb Center, Inc. under programs of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Helen Ross McNabb Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Helen Ross McNabb Center, Inc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

Helen Ross McNabb Center, Inc. has negotiated a federally approved 30.45% indirect cost rate.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

	Center	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 13,936,684	$ 6,568,622	$ 0	$ 20,505,306
Short-Term Investments	0	0	0	0
Receivables, Net	9,213,036	0	0	9,213,036
Due from McNabb Foundation	285,889	0	(285,889)	0
Pledges Receivable, Net	0	1,387,505	0	1,387,505
Accounts Receivable - Center	0	3,500,000	(3,500,000)	0
Prepaid Expenses	415,024	0	0	415,024
Total Current Assets	23,850,633	11,456,127	(3,785,889)	31,520,871
PROPERTY AND EQUIPMENT - NET	40,581,153	0	0	40,581,153
OTHER ASSETS				
Investments Restricted for Endowment	0	35,432,765	0	35,432,765
Long-Term Pledges Receivable, Net	0	623,608	0	623,608
Investments for Deferred Compensation Plan	958,311	0	0	958,311
Beneficial Interest in Assets Held by Foundation	46,783,527	0	(46,783,527)	0
Total Other Assets	47,741,838	36,056,373	(46,783,527)	37,014,684
TOTAL ASSETS	$ 112,173,624	$ 47,512,500	$ (50,569,416)	$ 109,116,708

LIABILITIES AND NET ASSETS

	Center	Foundation	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	$ 1,851,382	$ 119,564	$ 0	$ 1,970,946
Accounts Payable - McNabb Foundation	3,500,000	0	(3,500,000)	0
Accounts Payable - Center	0	285,889	(285,889)	0
Accrued Annual Leave	1,801,150	0	0	1,801,150
Accrued Salaries Payable	1,209,350	0	0	1,209,350
Deferred Revenue	0	323,520	0	323,520
Other Accrued Liabilities	821,086	0	0	821,086
Current Portion of Long-Term Liabilities	222,000	0	0	222,000
Total Current Liabilities	9,404,968	728,973	(3,785,889)	6,348,052
LONG-TERM LIABILITIES				
Note Payable	100,000	0	0	100,000
Grant Notes Payable	3,921,732	0	0	3,921,732
Lease Payable	598,000	0	0	598,000
Deferred Compensation Plans Payable	958,311	0	0	958,311
Total Long-Term Liabilities	5,578,043	0	0	5,578,043
TOTAL LIABILITIES	14,983,011	728,973	(3,785,889)	11,926,095
NET ASSETS				
Without Donor Restrictions	47,529,532	28,021,816	0	75,551,348
With Donor Restrictions	49,661,081	18,761,711	(46,783,527)	21,639,265
Total Net Assets	97,190,613	46,783,527	(46,783,527)	97,190,613
TOTAL LIABILITIES AND NET ASSETS	$ 112,173,624	$ 47,512,500	$ (50,569,416)	$ 109,116,708

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	Center	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 13,829,087	$ 3,316,377	$ 0	$ 17,145,464
Short-Term Investments	1,986,740	0	0	1,986,740
Receivables, Net	6,751,518	0	0	6,751,518
Due from McNabb Foundation	488,594	0	(488,594)	0
Pledges Receivable, Net	0	1,392,354	0	1,392,354
Accounts Receivable-Center	0	2,200,000	(2,200,000)	0
Prepaid Expenses	292,187	0	0	292,187
Total Current Assets	23,348,126	6,908,731	(2,688,594)	27,568,263
PROPERTY AND EQUIPMENT - NET	34,810,284	120,903	0	34,931,187
OTHER ASSETS				
Investments Restricted for Endowment	0	26,706,343	0	26,706,343
Long-Term Pledges Receivable, Net	0	825,569	0	825,569
Investments for Deferred Compensation Plan	588,841	0	0	588,841
Beneficial Interest in Assets Held by Foundation	33,682,110	0	(33,682,110)	0
Total Other Assets	34,270,951	27,531,912	(33,682,110)	28,120,753
TOTAL ASSETS	$ 92,429,361	$ 34,561,546	$ (36,370,704)	$ 90,620,203

LIABILITIES AND NET ASSETS

	Center	Foundation	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	$ 1,596,276	$ 70,239	$ 0	$ 1,666,515
Accounts Payable -Foundation	2,200,000	0	(2,200,000)	0
Accounts Payable - Center	0	488,594	(488,594)	0
Accrued Annual Leave	1,695,760	0	0	1,695,760
Accrued Salaries Payable	1,004,474	0	0	1,004,474
Deferred Revenue	0	320,603	0	320,603
Other Accrued Liabilities	703,174	0	0	703,174
Current Portion of Long-Term Liabilities	25,000	0	0	25,000
Total Current Liabilities	7,224,684	879,436	(2,688,594)	5,415,526
LONG-TERM LIABILITIES				
Note Payable	125,000	0	0	125,000
Grant Notes Payable	3,894,560	0	0	3,894,560
Deferred Compensation Plans Payable	588,841	0	0	588,841
Total Long-Term Liabilities	4,608,401	0	0	4,608,401
TOTAL LIABILITIES	11,833,085	879,436	(2,688,594)	10,023,927
NET ASSETS				
Net Assets Without Donor Restriction	44,036,612	18,934,085	0	62,970,697
Net Assets With Donor Restrictions	36,559,664	14,748,025	(33,682,110)	17,625,579
Total Net Assets	80,596,276	33,682,110	(33,682,110)	80,596,276
TOTAL LIABILITIES AND NET ASSETS	$ 92,429,361	$ 34,561,546	$ (36,370,704)	$ 90,620,203

HELEN ROSS McNABB CENTER, INC.

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Center Total	Foundation Total	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT				
Tenncare, Medicare, and Other, Net	$ 30,316,308	$ 0	$ 0	$ 30,316,308
Direct Federal Assistance	1,798,895	0	0	1,798,895
State of Tennessee	30,892,423	0	0	30,892,423
Local Governments	4,316,473	0	0	4,316,473
Contributions and Support	0	3,057,309	0	3,057,309
Present Value and Allowance Adjustment of Contributions	0	20,105	0	20,105
United Way	1,858,860	0	0	1,858,860
Investment Return, Net	(93,718)	1,371,010	0	1,277,292
Special Events, Net	0	512,328	0	512,328
Other Income	3,113,458	0	0	3,113,458
Unrealized Gain (Loss) on Investments	171,773	6,577,773	0	6,749,546
Other Grants	1,735,177	0	0	1,735,177
Helen Ross McNabb Foundation	14,895,618	0	(14,895,618)	0
Gain (Loss) on Disposal of Assets	206,068	0	0	206,068
Total Revenues and Other Support	89,211,335	11,538,525	(14,895,618)	85,854,242
EXPENSES				
Program Services	56,385,041	1,334,372	(1,242,978)	56,476,435
Administrative and General	12,188,114	12,750	0	12,200,864
Fund Raising	543,843	589,986	(551,223)	582,606
Total Expenses	69,116,998	1,937,108	(1,794,201)	69,259,905
INCREASE IN NET ASSETS	20,094,337	9,601,417	(13,101,417)	16,594,337
NET ASSETS, BEGINNING OF YEAR	80,596,276	33,682,110	(33,682,110)	80,596,276
Transfer to Foundation	(3,500,000)	3,500,000	0	0
NET ASSETS, END OF YEAR	$ 97,190,613	$ 46,783,527	$ (46,783,527)	$ 97,190,613

HELEN ROSS McNABB CENTER, INC.

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Center Total	Foundation Total	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT				
Tenncare, Medicare, and Other, Net	$ 28,357,243	$ 0	$ 0	$ 28,357,243
Direct Federal Assistance	1,699,733	0	0	1,699,733
State of Tennessee	27,539,267	0	0	27,539,267
Local Governments	3,971,764	0	0	3,971,764
Contributions and Support	0	3,403,704	0	3,403,704
Present Value and Allowance Adjustment of Contributions	0	(40,855)	0	(40,855)
United Way	1,330,219	0	0	1,330,219
Investment Income	223,561	707,483	0	931,044
Special Events, Net	0	497,700	0	497,700
Other Income	3,769,137	0	0	3,769,137
Unrealized Gain (Loss) on Investments	(18,829)	254,524	0	235,695
Other Grants	2,233,405	0	0	2,233,405
Helen Ross McNabb Foundation	6,853,915	0	(6,853,915)	0
Gain (Loss) on Disposal of Assets	115,820	0	0	115,820
Total Revenues and Other Support	76,075,235	4,822,556	(6,853,915)	74,043,876
EXPENSES				
Program Services	53,711,730	2,079,656	(1,965,191)	53,826,195
Administrative and General	11,491,241	12,750	0	11,503,991
Fund Raising	520,713	596,195	(554,769)	562,139
Total Expenses	65,723,684	2,688,601	(2,519,960)	65,892,325
INCREASE IN NET ASSETS	10,351,551	2,133,955	(4,333,955)	8,151,551
NET ASSETS, BEGINNING OF YEAR	72,444,725	29,348,155	(29,348,155)	72,444,725
Transfer to Foundation	(2,200,000)	2,200,000	0	0
NET ASSETS, END OF YEAR	$ 80,596,276	$ 33,682,110	$ (33,682,110)	$ 80,596,276

INTERNAL CONTROL
AND
COMPLIANCE SECTION

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

We 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 consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended of Helen Ross McNabb Center, Inc. (a nonprofit corporation), and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Helen Ross McNabb Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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 Organization'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Helen Ross McNabb Center, Inc.'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
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INDEPENDENT AUDITOR'S REPORT FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Helen Ross McNabb Center, Inc.
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Helen Ross McNabb Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Helen Ross McNabb Center, Inc.'s major federal programs for the year ended June 30, 2021. Helen Ross McNabb Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Helen Ross McNabb Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Helen Ross McNabb Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Helen Ross McNabb Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Helen Ross McNabb Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

Management of Helen Ross McNabb Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Helen Ross McNabb Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Helen Ross McNabb Center, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee
November 16, 2021

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*			
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	Yes	X	No

Identification of major programs:

Assistance Listings	*Name of Federal Program or Cluster*
93.087	Enhance Safety of Children Affected by Substance Abuse
93.788	Opioid STR
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes	_____	No

Section II - Financial Statement Findings

No matters are being reported.

Section III - Federal Award Findings and Questioned Costs

No matters are being reported.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Financial Statement Findings

There were none reported.

Federal Award Findings and Questioned Costs

There were none reported.

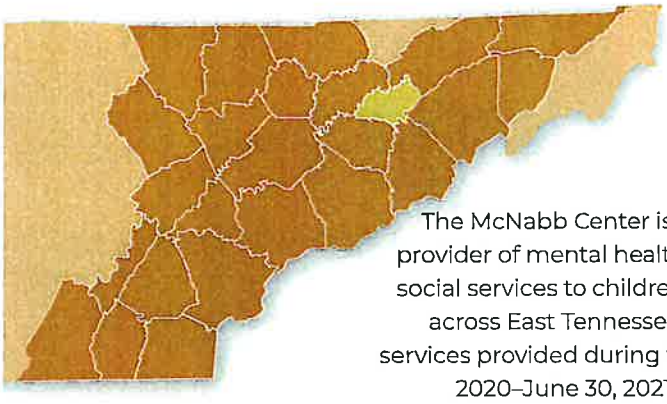
HELEN ROSS McNABB CENTER
MYFY22 BUDGET SUMMARY

	FY22	MYFY22	INCREASE (DECREASE)	PERCENT CHANGE
REVENUES				
Federal	$ 2,307,330	$ 3,556,088	$ 1,248,758	54.12%
TN OCJP	2,381,646	2,383,346	1,700	0.07%
TN Dept of Health & TN Dept of Human Services	2,740,563	2,600,563	(140,000)	-5.11%
TN Dept of Mental Health	21,661,347	23,489,300	1,827,953	8.44%
TN Dept of Children Services	7,273,226	7,273,226	-	0.00%
TN Housing Development Agency	313,071	484,833	171,762	54.86%
TN Dept of Education	137,879	137,879	-	0.00%
Food Reimbursement	157,100	157,100	-	0.00%
City and County Governments	4,802,634	5,304,712	502,078	10.45%
Other Grants	1,714,097	1,730,402	16,305	0.95%
Foundation	2,260,195	3,358,214	1,098,019	48.58%
United Ways	1,483,226	1,457,826	(25,400)	-1.71%
TennCare	30,078,123	29,073,649	(1,004,474)	-3.34%
Medicare	457,336	449,274	(8,062)	-1.76%
Commercial Insurance & Private Pay	693,888	570,888	(123,000)	-17.73%
Other - Housing Rental Receipts, Interest Income, EHR	1,141,980	2,187,598	1,045,617	91.56%
Total Revenue	**$ 79,603,641**	**$ 84,214,896**	**$ 4,611,254**	**5.79%**
EXPENSES				
Salaries	$ 47,765,097	$ 48,739,760	$ 974,663	2.04%
Employee Benefits	8,309,444	8,691,113	381,670	4.59%
Social Security	3,625,127	3,693,226	68,099	1.88%
Professional Services	635,430	689,430	54,000	8.50%
Supplies	3,097,553	3,111,211	13,659	0.44%
Telephone	1,414,540	1,474,420	59,880	4.23%
Postage	26,000	26,000	-	0.00%
Occupancy Expenses	3,623,833	3,759,050	135,217	3.73%
Data Processing, Equipment Rental and Maintenance	1,396,340	1,421,340	25,000	1.79%
Printing & Publication	84,786	83,286	(1,500)	-1.77%
Travel	1,635,195	1,666,735	31,541	1.93%
Professional Development	265,427	257,927	(7,500)	-2.83%
Insurance	909,100	1,071,322	162,222	17.84%
Foster Care Payments	1,089,968	1,089,968	-	0.00%
Patient Assistance	745,993	874,785	128,793	17.26%
Depreciation and Interest Expense	1,831,466	1,889,102	57,636	3.15%
Non-Personnel Expenses	527,935	589,935	62,000	11.74%
Allowance for Uncollectible Accounts	1,179,470	1,099,883	(79,588)	-6.75%
Reimbursed Capital Expenses	-	1,259,374	1,259,374	100.00%
Provision for Future Healthcare Needs	**1,440,939**	**2,727,029**	**1,286,090**	**89.25%**
Total Expenses	**$ 79,603,641**	**$ 84,214,896**	**4,611,254**	**5.79%**
Profit/(Loss) Ratio	1.81%	3.24%	1.43%	
FTEs	991.52	1,017.26	26	

McNabb Center
WELL MIND, WELL BEING

COUNTY REPORT

HAMBLEN COUNTY



The McNabb Center is a regional, nonprofit provider of mental health, substance use and social services to children, adults and families across East Tennessee. This report outlines services provided during fiscal year 2021 (July 1, 2020–June 30, 2021) in Hamblen County.

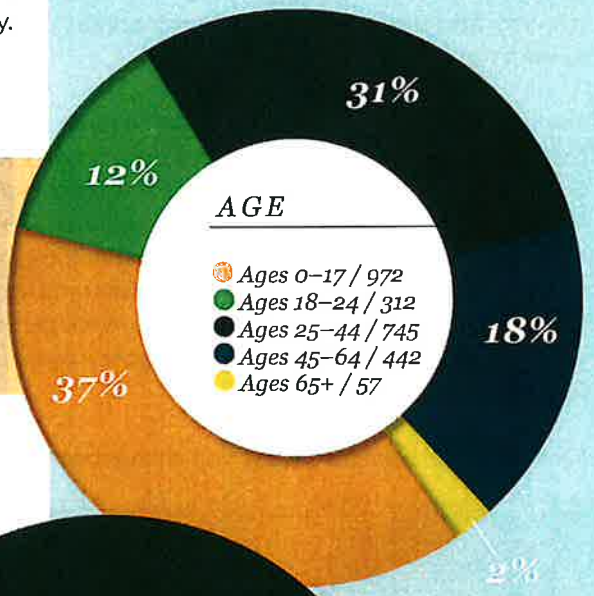
IMPACT AT A GLANCE

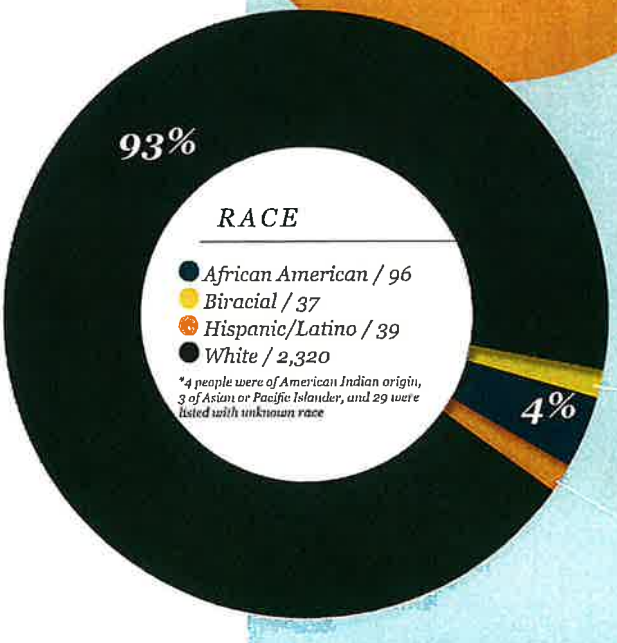
41,395
Services Provided

2,528
People Served

CARE RECIPIENT PROFILE

GENDER





ECONOMIC IMPACT

$7.7 million

These budgeted dollars bring needed services and skilled jobs to Hamblen County. The Hamblen County Center employs nearly 72 staff members dedicated to providing quality care to more than 2,500 children and adults,. Our clinical staff includes nurse practitioners, registered nurses, therapists, care coordinators and support staff.

WELL MIND, WELL BEING.

McNabb Center
WELL MIND, WELL BEING

COUNTY REPORT

HAMBLEN COUNTY

JAIL TO WORK PROGRAM

As a child, Tracy experienced abuse and began using substances at age 15 to numb her emotions. As she got older, her drug use escalated into addiction and negatively impacted her life, eventually leading her to a jail sentence. Now, at age 48, through the Center's Jail to Work Program in Hamblen County she was offered training, monitoring, employment, substance abuse treatment and relapse prevention. She is in recovery and working, and she is so thankful for the opportunities provided to her through the Jail to Work Program.

The program is for women that are eligible for early release and probation. Eight women are selected at a time to live on the Center's campus for 12 weeks and participate in skills building and healing while preparing for the work force. The Center also opened its first recovery home, a safe, sober living environment, to serve participants that need more time transitioning into the community. Like Tracy, all the Jail to Work participants have expressed sincere gratitude for the opportunity and are excited to recognize their own potential.

For a full list of services, please visit mcnabbcenter.org.

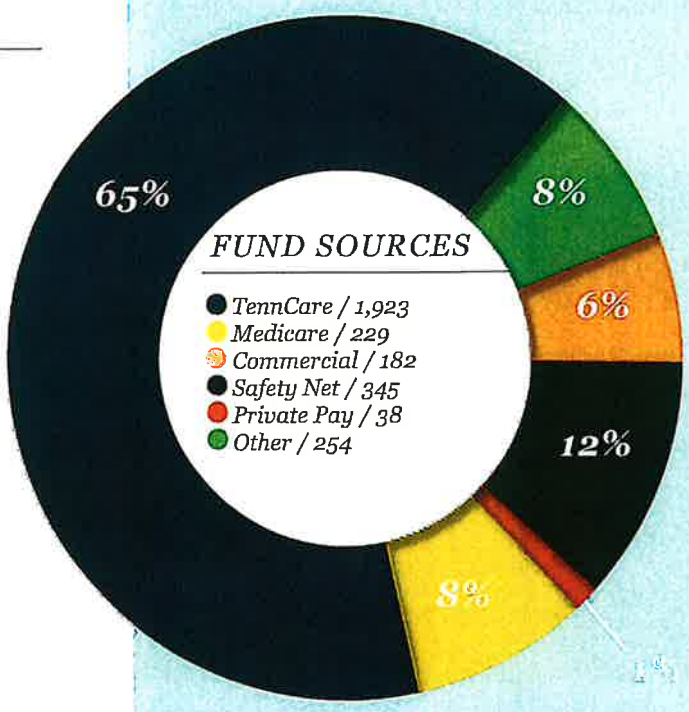
1 in 6 Tennesseans misuses or abuses opioids.

1 in 5 adults in the U.S. experiences mental illness in a given year.

WELL MIND, WELL BEING.

"If provided access to care, individuals in need of mental health services and substance abuse treatment have hope for recovery. The Center works to improve the lives of East Tennesseans and relies on community support in this mission."

JERRY VAGNIER, CEO



AVAILABLE RESOURCES

ALCOHOL AND DRUG INTENSIVE OUTPATIENT TREATMENT
CLIENT-CENTERED THERAPY
INTENSIVE CASE MANAGEMENT
COMPREHENSIVE CHILD AND FAMILY TREATMENT
EMERGENCY SHELTER CARE
JAIL TO WORK PROGRAM
OUTPATIENT MENTAL HEALTH CARE
PRE-ARREST DIVERSION SERVICES
RECOVERY HOUSING SERIVCES
THERAPEUTIC FOSTER CARE AND ADOPTION

In addition, residents have access to services in Knox County that include a full continuum of behavioral health crisis, substance abuse, military and veterans, domestic violence and sexual assault services.

P.O. Box 1936
Morristown, TN 37816
(423)587-3001

RECEIVED
MAR 15 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 05, 2022

Mrs. Bryant-Hurst,

Please accept this letter and the enclosed documents as an application to be considered for a contribution from the Hamblen County. The County's previous contributions have allowed our non-profit agency to continue to provide support to our community by serving our mission.

Our program's mission is to partner with local low-income families to enable children from diverse backgrounds and children with special needs to have an equal opportunity to learn in a safe and developmentally appropriate learning environment, enhancing all of areas of development, regardless of race, ethnicity, sex, disability, or religion.

To serve our mission, the agency's program provides diverse educational opportunities to families in the Morristown community. Our agency is a diverse learning community that is committed to programs of excellence for children, their families, and educators that embody best practices of early childhood education and promote collaborations that help all children realize their full potential. Our agency strives to provide inclusive childcare that promotes optimal development for each child, supports families, upholds best practices in the field of Early Childhood Education, and provides a community model for quality. We provide a vital service that results in family continuity through our ability to provide low-costs childcare to working parents and caregivers. We believe that this service ensures that the parent or caregiver remains productive in the community without sacrificing the health and safety of the child. We believe that our program in instrumental in supporting a healthy foundation for the families we serve. A healthy family is core to building a safe and secure community Our agency also partners with Morristown Housing Authority. We prioritize providing services to families that are living in housing as well as families that are homeless as defined by the Mckinny Vento Act and aid in helping them obtain childcare, refer them to apply for housing, and other social services.

We hope to continue to receive support for our program.

Thank you for your consideration.

Very Truly Yours,

Ellen Cantwell-Chandler
Executive Director

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Morristown-Hamblen Child Care Centers, Inc.
Ellen Cantwell-Chandler
P.O. Box 1936
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $25,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Department of the Treasury

District Director
Internal Revenue Service

Date: AUG 26 1974

In reply refer to:
~~411-12:MFM:A9294~~

Morristown-Hamblem Day-Care Centers, Inc.
1910 Cherokee Drive
Morristown, Tennessee 37814

Gentlemen:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section ~~170(b)(1)~~(A)(vi) and 509 (a)(1).

You are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. You are not liable for the taxes imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If your purposes, character, or method of operation is changed, please let us know so we can consider the effect of the change on your exempt status. Also, you should inform us of all changes in your name or address.

MORRISTOWN-HAMBLEN CHILD CARE CENTERS, INC.

AUDIT REPORT

JUNE 30, 2021 AND 2020

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Middle Tennessee CPA Group

Suite 1050

31021 West End Avenue

Nashville, TN 37203

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Morristown-Hamblen Child Care Centers, Inc. & Early Intervention:

Report on the Financial Statements

We have audited the accompanying statement of financial position of Morristown-Hamblen Child Care Centers, Inc. & Early Intervention (a nonprofit organization 501 (c)(3), as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. It is worth noting that this is Middle Tennessee CPA group's first time in conducting an audit for Morristown-Hamblen Child Care Centers, Inc. & Early Intervention and as a result, we are not responsible for any misstatements of assessment performed by the organizations prior auditor and CPA. In accordance with information entered into the year ending 2020 IRS form 990 and prior audit results we performed a review of such documents and in principle agreed with prior findings and used such information for year ending June 30, 2020 within this report. However, without access to the prior auditor's working documents and notes, we cannot guarantee that we used the same assumptions, for year ending June 30, 2021, in accordance with the same accounting principles, categorizations, additions and deductions we used during our audit evaluation.

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

Our responsibility is to express an opinion on these financial statements based on our review of financial records. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements through the examination of accounting systems, bank statement, credit card statements and discussions with the administrative team. 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 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, we 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morristown-Hamblen Child Care Centers, Inc. & Early Intervention, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2022, on our consideration of Morristown-Hamblen Child Care Centers, Inc. & Early Intervention's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Morristown-Hamblen Child Care Centers, Inc. & Early Intervention's internal control over financial reporting and compliance.

MORRISTOWN-HAMBLEN CHILD CARE CENTERS INC., & EARLY INTERVENTION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
(Decrease) increase in Net Activities	$ (28,113)	$ (26,136)
Adjustments to Reconcile increase in net assets to net cash Provided by Operating Activities		
Depreciation	$ 9,389	$ 9,389
Loss (gain) on disposal of assets		
Changes in operating assets and liabilities		
Decrease (increase) in receivables	$ (4,258)	$ (30,640)
Decrease (increase) in prepaid expenses	$ (4,986)	$ 5,123
Increase (decrease) in payable and accrued liabilities	$ 17,064	$ 13,436
Net Cash provided by operating activities	$ (10,904)	$ (28,829)
Cash Flows From Investing Activities:		
Purchase of Equipment	$ -	$ -
Net Cash used in investing activities	$ -	$ -
Net Increase in cash and cash equivalents	$ (10,904)	$ (28,829)
Beginning cash and cash equivalents	$ 16,794	$ 45,623
Ending cash and cash equivalents	$ 5,891	$ 16,794

MORRISTOWN-HAMBLEN CHILD CARE CENTERS INC., & EARLY INTERVENTION

STATEMENT OF ACTIVITIES

JUNE 30,2021 AND 2020

	2021	2020
Net Assets Without Donor Restrictions		
Support:		
Grantor Contributions	$ 492,883	$ 453,349
Public Support	$ 99,572	$ 138,504
Local governments	$ 48,925	$ 42,944
Program Income	$ 38,737	$ 104,176
Interest Income	$ 3	$ 37
Community Foundation	$ 39,468	$ -
Total Support:	$ 719,588	$ 739,010
Expenses:		
Program services:		
Child Care Center	$ 338,527	$ 390,715
TEIS	$ 328,479	$ 303,951
CACFP	$ 62,198	$ 64,384
Supporting services:		
Management and general	$ 18,497	$ 6,096
Total Expenses:	$ 747,701	$ 765,146
(Decrease) Increase in Net Assets:	$ (28,113)	$ (26,136)
Net Assets, Beginning:	$ 81,388	$ 107,523
Net Assets, Ending:	$ 53,275	$ 81,387

STATEMENT OF FUNCTIONAL EXPENSE 2021

	Program Services				Support services		
	Child Care Center	TEIS	CACFP	Total Program Services	M&G	Fundraising	Totals
Personnel services	$ 236,592	$ 95,010	$ 21,500	$ 353,102			$ 353,102
Other Employee Benefits	$ 5,893	$ 3,406	$ -	$ 9,299	$ 1,681		$ 10,980
Payroll Taxes	$ 19,570	$ 7,353	$ 1,680	$ 28,603	$ -		$ 28,603
Total personnel cost:	$ 262,055	$ 105,769	$ 23,180	$ 391,004	$ 1,681		$ 392,685
Travel	$ -	$ -	$ -	$ -	$ -		$ -
Communications	$ 676	$ 5,200	$ 501	$ 6,377	$ 1,594		$ 7,972
Office Expenses	$ 375	$ 316	$ 63	$ 753	$ 188		$ 941
Utilities and Fuel	$ 7,503	$ -	$ 834	$ 8,337	$ -		$ 8,337
Rentals	$ -	$ 12,000	$ -	$ 12,000	$ -		$ 12,000
Storage Unit	$ 428	$ -	$ 48	$ 476	$ -		$ 476
Property Insurance	$ 1,212	$ -	$ 135	$ 1,347			$ 1,347
Maintenance & Repairs	$ 10,688	$ -	$ 2,276	$ 12,964	$ 3,241		$ 16,205
Professional & Contract Services	$ -	$ 193,838	$ -	$ 193,838	$ -		$ 193,838
Supplies	$ 40,932	$ -	$ 1,530	$ 42,462	$ 10,615		$ 53,077
Food	$ 183	$ -	$ 26,344	$ 26,527	$ -		$ 26,527
Liability Insurance	$ 1,416	$ 1,481	$ -	$ 2,897	$ 724		$ 3,621
Depreciation	$ 9,388	$ -	$ -	$ 9,388			$ 9,388
Training and Seminars	$ 845	$ 9,030	$ -	$ 9,875	$ -		$ 9,875
Audit	$ 635	$ -	$ 5,715	$ 6,350	$ -		$ 6,350
Other	$ 2,190	$ 845	$ 1,574	$ 4,609	$ 453		$ 5,061
Expenses:	**$ 76,472**	**$ 222,710**	**$ 39,018**	**$ 338,200**	**$ 16,816**		**$ 355,016**
Total of Expenses:	**$ 338,527**	**$ 328,479**	**$ 62,198**	**$ 729,204**	**$ 18,497**		**$ 747,701**

MORRISTOWN-HAMBLEN CHILD CAR NTERS INC., & EARLY INTERVENTION

STATEMENT OF FUNCTIONAL EXPENSE 2020

	Program Services				Support services		
	Child Care Center	TEIS	CACFP	Total Program Services	M&G	Fundraising	Totals
Personnel services	$ 310,012	$ 31,964	$ 20,893	$ 362,869			$ 362,869
Payroll Taxes	$ 31,909	$ 2,529	$ 1,713	$ 36,151	$ 627		$ 36,778
Total personnel cost:	$ 341,921	$ 34,493	$ 22,606	$ 399,020	$ 627		$ 399,647
Travel	$ -	$ 19,735	$ 340	$ 20,075			$ 20,075
Communications	$ 2,730	$ 8,273		$ 11,003			$ 11,003
Utilities and Fuel	$ 6,892	$ 3,275		$ 10,167			$ 10,167
Maintenance & Repairs	$ 14,721	$ 5,114	$ 314	$ 20,149			$ 20,149
Professional & Contract Services	$ 1,546	$ 192,580		$ 194,126			$ 194,126
Supplies	$ 12,670	$ 2,109	$ 6,607	$ 21,386	$ 4,311		$ 25,697
Food			$ 33,859	$ 33,859			$ 33,859
Rentals		$ 972		$ 972			$ 972
Insurance	$ 1,999	$ 1,466	$ 434	$ 3,899	$ 1,078		$ 4,977
Depreciation	$ 1,645	$ 7,520	$ 224	$ 9,389			$ 9,389
Training and Seminars		$ 11,517		$ 11,517			$ 11,517
Audit	$ 218	$ 6,130		$ 6,348			$ 6,348
Other	$ 6,373	$ 10,767		$ 17,140	$ 80		$ 17,220
Expenses:	$ 48,794	$ 269,458	$ 41,778	$ 360,030	$ 5,469		$ 365,499
Total of Expenses:	**$ 390,715**	**$ 303,951**	**$ 64,384**	**$ 759,050**	**$ 6,096**		**$ 765,146**

MORRISTOWN-HAMBLEN CHILD CARE CENTERS INC., & EARLY INTERVENTION

STATEMENT OF CASH FLOW

	2021	2020
Cash Flows From Operating Activities:		
(Decrease) increase in Net Activities	$ (28,113)	$ (26,136)
Adjustments to Reconcile increase in net assets to net cash Provided by Operating Activities		
Depreciation	$ 9,389	$ 9,389
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Decrease (increase) in prepaid expenses	$ (4,986)	$ 5,123
Increase (decrease) in payable and accrued liabilities	$ 17,064	$ 13,436
Net Cash provided by operating activities	$ (10,904)	$ (28,829)
Cash Flows From Investing Activities:		
Purchase of Equipment	$ -	$ -
Net Cash used in investing activities	$ -	$ -
Net Increase in cash and cash equivalents	$ (10,904)	$ (28,829)
Beginning cash and cash equivalents	$ 16,794	$ 45,623
Ending cash and cash equivalents	$ 5,891	$ 16,794

NOTES TO FINANCIAL STATEMENT

Note 1 – GRANT AS RECEIVABLES

Grants receivable as of June 30, 2021 and 2020, respectively.

	2021	2020
STATE OF TENNESSEE TEIS	$58,856	$44,587
STATE OF TENNESSEE CACFP	$6,384	$3,574
STATE OF TENNESSEE CC CERT	$29,945	$17,594
TOTAL	**$95,185**	**$65,745**

Note 2 - PROPERTY & EQUIPMENT

The following is a summary of property, equipment accumulated depreciation summarized as follows:

	Balance as of 6/30/2020	Additions	Dispositions	Balance as of 6/30/2021
Equipment, Fixtures and improvements	$ 110,275			$ 110,275
Equipment, Fixtures and improvements - ARRA	$ 36,450			$ 36,450
	$ 146,725			$ 146,725
Accumulated Depreciation	$ (72,018)	$ (9,389)		$ (81,407)
Accumulated Depreciation -ARRA	$ (31,558)			
	$ (103,576)	$ (9,389)		$ (112,965)
Fixed Assets Net	$ 43,149	$ (9,389)		$ 33,760

Equipment, fixtures, and improvements are depreciated on a straight-line basis over estimated useful lives ranging from 5 to 39 years. Depreciation expense totaled $9,389 and $9,389 for the years ending June 30, 2021 and 2020, respectively. No additions were noted to Equipment, fixtures, and improvements during the same time period based on analysis of financial records.

Note 3 – COMPENSATED ABSENSCES

New employees can take vacation after six months of continuous employment. Employees may carry over five days of accrued vacation from one fiscal year (July 1 – June 30) to the next. Accrued vacation totaled $0 and $9757 as of June 30, 2021 and 2020, respectively.

New employees are not eligible to be paid sick leave until completion of a sixty-day probationary period, subject to approval by the executive director. Unused sick leave is available to current employees of the Organization; such balances are not available for payment to employees who have terminated employment.

Vacation and sick time are earned according to the following schedule:

Years of Service	Vacation Days	Sick Days	Maximum Accumulated Sick Days
0 – 5	12	10	21
> 5	15	10	30

Due to COVID-19 restrictions and TDHS regulations requiring temporary center closure on multiple occasions, no accrued vacation balances were remaining for all employees as of June 30, 2021.

Note 4 - FACILITY'S OPERATING LEASES

Effective October 1, 2013, the Organization entered a lease of the Kennedy Circle facility with the Morristown Housing Authority for a 15-month term. The lease was renewed effective January 1, 2015. The lease provides for automatic renewal for successive one-year terms, subject to a 60-day notice by the lessor or the lessee of the intent to terminate. For the 15-month lease term, no rent is being paid. However, utilities previously paid by Morristown Housing Authority are now required to be in the Organization's name and are being paid in lieu of rent.

In May 2020, the organization entered into a lease of office space for Early Intervention virtual therapy visit due to COVID-19 restrictions. The lease is a 12-month lease at $1,000 per month with an option to extend for a period of two years. This reimbursed occupancy expense is included in the current grant contract with The State of Tennessee's TEIS program.

LOCATION	PROGRAM	LEASOR	TERM	AMOUNT
908 Kennedy Circle	Child Care	Morristown Housing Authority	12 Month(Auto Renewing)	$0.00
219 W. Main Street	TEIS	Mark Davenport	Month to Month	$1000.00

Note 5 - CONCENTRATIONS & CREDIT RISKS

Morristown-Hamblen Child Care Centers, Inc., and Early Intervention receives a substantial amount of funding through local governments and the United Way. A significant reduction in funding from local governments or the United Way could have a negative impact on the operations of the Child Care Center. (In previous years, reduction in support from the State of Tennessee grants was noted in this concentration, however, as these are reimbursement grants for services rendered, those grant funds are not used to calculate current total percentage of support in relation to credit risks.) The following table outlines the percentage of support from such agencies.

FUNDING SOURCE	CURRENT PERCENTAGE OF SUPPORT
United Way	52%
Local Governments	26%
TOTAL	78%

Note 6 - UNCERTAIN TAX POSITIONS

The Organization has been classified as an other-than-private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2018.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates, The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows.

Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2021 and 2020.

Note 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated by the Organization through the date financial statements were available to be issued. As of this date, February 28, 2022, the Organization determined there are none to disclose.

Note 8 – AVAILABILITY AND LIQUIDITY

The following represents Morristown-Hamblen Child Care Center, Inc.'s financial assets at June 30, 2021:

Financial assets at year end:		
Cash and cash equivalents:	$	5,891
Receivables:	$	70,003
Total financial assets:	$	75,894
Less amounts not available to be used within one year:	$	-
Net assets with donor restrictions:		
Net assets with purpose restrictions to be met in less than a year:	$	-
Financial assets available to meet general expenditures over the next 12 months:	$	75,894

90 day operating expenses apx: $ 186,925

In general, Morristown-Hamblen Child Care Center, INC and Early Intervention maintains assets to meet 90 days of operating expenses (approximately $186,925). Per the liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. Over 94% of funding is provided through grants and support and funding is collected on a quarterly and monthly basis respective to the funding source.

Timeliness of payments from all funding agencies should be noted as a risk as well. Based on my analysis of monthly cash flow, payments are not always received in timely fashion to meet the agencies operating expenses which can have an impact on their ability to address liabilities and salaries according to terms.

Middle Tennessee CPA Group

Suite 1050

31021 West End Avenue

Nashville, TN 37203

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

February 28, 2022

To the Board of Directors of Morristown-Hamblen Child Care Centers, Inc., & Early Intervention:

We 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 Morristown-Hamblen Child Care Centers, Inc., & Early Intervention.

These consist of the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows the year, and the related notes the financial Statements, and have issued our report thereupon dated February 28, 2022.

In planning and performing our audit of the financial statements, we considered Morristown-Hamblen Child Care Centers, Inc., & Early Intervention's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morristown-Hamblen Child Care Centers, Inc., & Early Intervention's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

This communication is solely intended for the information and use of management, the governing board, federal and State awarding agencies, and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

To describe the scope of our testing of internal control and compliance and the results of that testing without providing an opinion on the effectiveness of the organization's internal control or on compliance.

Internal Control Over Financial Reporting

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 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.

Considerations in Internal Control Over Financial Reporting

Our consideration of internal control was for the limited purpose described in the first page was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance & Other Matters

As part of obtaining reasonable assurance about whether Morristown-Hamblen Child Care Centers, Inc.'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Brian Grant, CPA

Middle Tennessee CPA Group

Nashville, TN

Morristown-Hamblen Child Care Centers, Inc. & Early Intervention	
2022-2023 Proposed Budget	
REVENUE	AMOUNT
Allocation from Hamblen County	25,000
Allocation from Morristown City	23,295
Allocation from United Way	116,230
Program Service Revenue (Tuition & Certificates)	192,000
Grant Contracts & Awards (TEIS)	370,500
Reimbursements (CACFP)	32,800
TOTAL SUPPORT & REVENUE	759,825
EXPENSES	AMOUNT
Salaries/Contracts	560,070
Payroll Expenses & Fringe Benefits	46,800
Communications/Licensing/Permits	10,200
Occupancy/Utilities/Insurance	28,250
Maintenance/Repairs/Grounds	16,205
Professional Services	6,500
Supplies & Food	72,000
Travel & Training	19,800
TOTAL EXPENSES	759,825

Hamblen County

Tab 9

Senior Citizens Center, Inc.
841 Lincoln Avenue
Morristown, TN 37813
(423) 581-5166
hamblenooa@lcs.net

An Agency Of

United Way

RECEIVED
MAR 03 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 3, 2022

Ms. Anne Bryant-Hurst
Hamblen County Finance Director
511 West Second North Street
Morristown, TN 37814

Re: Senior Citizens Center & SCC Vital Visits 2022-2023 Budget Request

Dear Ms. Bryant-Hurst:

On behalf of the Senior Citizens Center, please accept our gratitude for the many years of support the County has provided. The funds we receive from Hamblen County are vital for us to continue our services to the seniors of Hamblen County.

Enclosed you will find (3) copies of our 501 c (3) letter, audit report, and 2022-2023 budget. Please let me know if additional information is needed. If there are questions, feel free to contact me at 581-5166 or e-mail me at hamblenooa@lcs.net. Thank you.

Sincerely,

Valerie Farmer

Valerie Farmer
Executive Director

Attachments:
(3) copies of Proof of 501 (c) (3) from the IRS
(3) copies of 2020-2021 Audit
(3) copies of most current Budget

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Senior Citizens Center – Adult Center
Valerie Farmer, Executive Director
841 Lincoln Avenue
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $11,600

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service
Room 146, Quality Review Staff
P. O. Box 1055
Atlanta, Georgia 30370

Department of the Treasury

EO 105

BH JUL 10 1984

Person to Contact:
M. Culver/lch
Contact Telephone Number:
(404) 221-5455
Reply to:
7203-7223
Employer Identification
Number:
62-0856166

Morristown Hamblen Adult
Center Incorporated
417 W. Main Street
Morristown, TN 37814

Dear Sir or Madam:

We have recently completed our examination of your Form 990 for the year ended June 30, 1983. You will be pleased to know that we will continue to recognize your organization as tax-exempt under section 501(c)(3) of the Internal Revenue Code. Your return is accepted as filed.

Also, there is no change in your liability for the tax on unrelated business income imposed by sections 511 through 513 of the Internal Revenue Code.

However, we noted certain aspects of your operations, that, if continued unchanged, could jeopardize your exempt status in future years or subject your organization to other penalties imposed by the Code and Regulations.

Our examination disclosed that your organization failed to furnish the names and addresses of all your officers, directors, and trustees and the compensation paid to each of them as required by section 1.6033-2(a)2(ii)(g) of the Income Tax Regulations. This information must be provided with your Form 990 in future years.

Revenue Ruling 59-95, Cumulative Bulletin 1959-1, page 627, prescribes that failure to comply with the provisions of section 6033 of the Code and regulations which implement it, may result in the termination of the exempt status of an organization on the grounds that the organization has not established that it is observing the conditions required for the continuation of its exempt status.

Thank you for your cooperation.

Sincerely yours,

Michael J. Murphy
District Director

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

AUDIT REPORT

June 30, 2021 and 2020

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DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 225 WEST FIRST NORTH STREET, SUITE 104
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

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MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Senior Citizens Center, Inc.
Morristown, Tennessee

We have audited the accompanying statements of financial position of the Senior Citizens Center, Inc. as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Citizens Center, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of the Senior Citizens Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Senior Citizens, Inc.'s internal control over financial reporting and compliance.

Duane Cline

Duane Cline
Certified Public Accountant

December 22, 2021

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$312,653	$262,117
Accounts Receivable		
Grantors-cost reimbursement	4,524	4,524
Promises to give-expected to be collected in less than one year	23,154	23,155
Total Current Assets	340,331	289,796
Property and Equipment-net of accumulated depreciation	518,521	534,207
Total Assets	$858,852	$824,003
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	$ 1,400	$ 2,434
Accrued Payroll Taxes	1,727	1,930
Accrued Vacation	6,377	18,834
Total Current Liabilities	9,504	23,198
Net Assets		
Without Donor Restrictions		
Operating	302,777	239,568
Property	518,521	534,207
With Donor Restrictions		
Building Donations	18,432	17,418
Van Donations	9,618	9,612
Total Net Assets	849,348	800,805
Total Liabilities and Net Assets	$858,852	$824,003

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
SUPPORT AND REVENUE					
Grant Awards	$ 21,844	$ -0-	$ 141,966	$ -0-	$ -0-
Contributions	29,769			27,085	
Interest Income	526			5	6
Program Income	68,786				
Rental Income	500				
Unrestricted by satisfaction of grantor restrictions	141,966	-0-	(141,966)	-0-	-0-
Total Support and Revenue	263,391	-0-	-0-	27,090	6
EXPENSES					
Salaries and Benefits	116,962				
Activities Cost	4,293				
Vital Visits Costs	26,594				
Professional Fees	7,826				
Insurance	11,244				
Depreciation		39,256			
Supplies	1,220				
Utilities	19,429				
Telephone	2,747				
Office Supplies and Expense	3,582				
Postage and Shipping	220				
Maintenance and Repairs	4,339			2,506	
Other Expenses	1,726	-0-	-0-	-0-	-0-
Total Expenses	200,182	39,256	-0-	2,506	-0-
CHANGE IN NET ASSETS BEFORE CAPITAL TRANSACTIONS	63,209	(39,256)	-0-	24,584	6

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES (CONTINUED)

For the year ended June 30, 2021

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
CAPITAL TRANSACTIONS					
Purchases of Prop & Equip	$ -0-	$ 23,570	$ -0-	$(23,570)	$ -0-
Sale of Equipment	-0-	-0-	-0-	-0-	-0-
Total Capital Transactions	-0-	23,570	-0-	(23,570)	-0-
CHANGE IN NET ASSETS	63,209	(15,686)	-0-	1,014	6
NET ASSETS – Beginning	239,568	534,207	-0-	17,418	9,612
NET ASSETS – Ending	$302,777	$518,521	$ -0-	$ 18,432	$ 9,618

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020
(Prior Year)

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
SUPPORT AND REVENUE					
Grant Awards	$ 28,550	$ -0-	$ 102,773	$ -0-	$ -0-
Contributions	15,203			2,523	
Interest Income	4,910			7	12
Program Income	65,651				
Rental Income	1,940				
Unrestricted by satisfaction of grantor restrictions	102,773	-0-	(102,773)	-0-	-0-
Total Support and Revenue	219,027	-0-	-0-	2,530	12
EXPENSES					
Salaries and Benefits	130,939				
Activities Cost	9,572				
Vital Visits Costs	16,207				
Professional Fees	8,387				
Insurance	10,745				
Depreciation		38,125			
Supplies	526				
Utilities	24,744				
Telephone	2,578				
Office Supplies	2,933				
Maintenance and Repairs	2,587			3,378	606
Other Expenses	3,529	-0-	-0-	-0-	-0-
Total Expenses	212,747	38,125	-0-	3,378	606
CHANGE IN NET ASSETS BEFORE CAPITAL TRANSACTIONS	6,280	(38,125)	-0-	(848)	(594)

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES (CONTINUED)

For the year ended June 30, 2020
(Prior Year)

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
CAPITAL TRANSACTIONS					
Purchases of Prop & Equip	$ (5,723)	$ 10,040	$ -0-	$ (4,317)	$ -0-
Sale of Equipment	-0-	-0-	-0-	-0-	-0-
Total Capital Transactions	(5,723)	10,040	-0-	(4,317)	-0-
CHANGE IN NET ASSETS	557	(28,085)	-0-	(5,165)	(594)
NET ASSETS – Beginning	239,011	562,292	-0-	22,583	10,206
NET ASSETS – Ending	$239,568	$534,207	$ -0-	$17,418	$ 9,612

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Service Costs	Management and General	Total
Salaries and Benefits	$104,798	$12,164	$116,962
Activities Cost	4,293	-0-	4,293
Vital Visits Costs	26,594	-0-	26,594
Professional Fees	7,012	814	7,826
Insurance	10,075	1,169	11,244
Depreciation	35,173	4,083	39,256
Supplies	1,093	127	1,220
Utilities	17,408	2,021	19,429
Telephone	2,461	286	2,747
Office Supplies	3,209	373	3,582
Postage and Shipping	197	23	220
Maintenance and Repairs	6,133	712	6,845
Other Expenses	1,546	180	1,726
Total	$219,992	$21,952	$241,944

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020
(Prior Year)

	Program Service Costs	Management and General	Total
Salaries and Benefits	$117,321	$13,618	$130,939
Activities Cost	9,572	-0-	9,572
Vital Visits Costs	16,207	-0-	16,207
Professional Fees	7,515	872	8,387
Insurance	9,628	1,117	10,745
Depreciation	34,160	3,965	38,125
Supplies	471	55	526
Utilities	20,715	4,029	24,744
Telephone	2,310	268	2,578
Office Supplies	2,628	305	2,933
Maintenance and Repairs	5,888	683	6,571
Other Expenses	3,162	367	3,529
Total	$229,577	$25,279	$254,856

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets before Capital Transactions	$ 48,543	$ (33,287)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	39,256	38,125
(Increase) Decrease in:		
Accounts Receivable-Grantors	-0-	(12,481)
Increase (Decrease) in:		
Accounts Payable	(1,034)	(2,235)
Accrued Payroll Related Liabilities	(202)	(12)
Accrued Vacation	(12,457)	12,034
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	74,106	2,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and Equipment Additions	(23,570)	(10,040)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,536	(7,896)
CASH AND CASH EQUIVALENTS-Beginning	262,117	270,013
CASH AND CASH EQUIVALENTS-Ending	$312,653	$262,117

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Senior Citizens Center, Inc. is an activity center with membership open to anyone 50 years of age or older. The Center also serves as the local Office on Aging for Hamblen County and operates a home delivery meal service for senior citizens who are unable to prepare meals for themselves under its Vital Visits Program.

BASIS OF ACCOUNTING

The Center maintains its financial records on a cash basis throughout the year. At year-end the records are adjusted to utilize the accrual basis of accounting.

BASIS OF PRESENTATION

The Center's net assets and changes therein are classified as follows:

Net assets without donor restrictions – 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 the Organization's management and the board of directors.

Net Assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed are reported as net assets released from restrictions.

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without.

DEPRECIABLE ASSETS

Depreciable assets are recorded at cost or, in the case of donated assets, fair market value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

CASH AND CASH EQUIVALENTS

The Senior Citizens Center, Inc. considers all highly liquid investments of six months or less when purchased to be cash equivalents.

DONATED SERVICES

Donated services are comprised of volunteer time contributed to the Senior Citizens Center, Inc. by individuals. Value is assigned based upon
the reasonable cost of the particular service provided. There were no donated services for the year ended June 30, 2021 and 2020.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

GRANT AND CONTRACT SUPPORT

Title III-B and Title III-F funds from the East Tennessee Human Resource Agency are for support of the operation of an Office on Aging for Hamblen County and senior health programs, respectively. State Senior Center Funds are also received from East Tennessee Human Resource Agency for the support of the Senior Center.

The Title III-B, Title III-D, and State Senior Funds are received through cash reimbursement grants with local match requirements. Amounts expended under these grants that have not been received from the grantor agency are reflected as receivable from the grantor in these financial statements.

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

INCOME TAXES

The Center is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Center has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509 (a) of the Code.

FUNCTIONAL EXPENSES

The costs of the Organization's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable to a program and support costs are allocated based on management's estimate of units of service.

NOTE B – PROMISES TO GIVE

Unconditional promises to give are composed of the remaining calendar year allocations from United Way of Hamblen County. These remaining allocations amounted to $10,998 at June 30, 2020 and $10,998 at June 30, 2021.

NOTE C – PROPERTY AND EQUIPMENT

Major classifications of depreciable assets and their respective depreciable lives are as follows:

	2020	2021	Lives
Land	$ 33,000	$ 33,000	
Building and Improvements	999,989	1,023,560	10-39 years
Furniture and Fixtures	121,150	121,150	7-10 years
Transportation Equipment	88,207	88,207	3-5 years
	1,242,346	1,265,917	
Less: Accumulated Depreciation	(708,140)	(747,396)	
Net Property and Equipment	$ 534,206	$ 518,521	

Depreciation expense totaled $38,125 in 2020 and $39,256 in 2021.

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020 and 2021

NOTE D – CONCENTRATIONS

GEOGRAPHICAL
The geographical area in which this organization operates is a portion of Upper East Tennessee.

NOTE E – COMMITMENTS AND CONTINGENCIES

LITIGATION
The Center is unaware of any litigation, claims or assessments that are required to be disclosed in the financial statements.

NOTE F – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through December 22, 2021, the date on which the financial statements were available to be issued and found no significant events requiring disclosure.

NOTE G – AVAILABLE RESOURCES AND LIQUIDITY

In addition to financial assets available to meet all expenditures related to its ongoing activities of operation of a senior activity center and general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover all expenditures by donor, grant and fund-raising resources. Refer to statement of cash flows which shows positive cash generated for the fiscal year ended, and also unrestricted cash and accounts receivable in the amounts of $340,331 which is available to meet general and program expenditures.

NOTE H - ADVERTISING COSTS

Advertising costs are expensed as incurred since no future economic benefits are expected.

DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 225 WEST FIRST NORTH STREET, SUITE 104
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423) 587-9335
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Email dcline@musfiber.com

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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
Senior Citizens Center, Inc.
Morristown, Tennessee

We 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 the Senior Citizens Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Senior Citizens Center, 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Senior Citizens Center's internal control. Accordingly, we 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not note any deficiencies in internal control and questioned cots that we considered to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about Senior Citizens Center, Inc.'s financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

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

Duane Cline

Duane Cline
Certified Public Accountant

December 22, 2021

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2021

Financial Statement Findings

2020-001-Lack of segregation of duties is not present in the current year.

NAME OF AGENCY: SENIOR CITIZENS CENTER

REVENUE AND EXPENSES ALL SOURCES REVENUE:	FISCAL 2021 ACTUAL (LAST YEAR)	FISCAL 2022 BUDGET (THIS YEAR)	FISCAL 2023 PROPOSED (NEXT YEAR)
1. ALLOCATION FROM THIS UNITED WAY	21,727	22,000	22,000
2. Contributions	45,170	22,600	20,000
3. Special Events	4,417	14,000	10,000
4. Legacies & Bequests (Unrestricted)			
5. Contributed by Associated Organizations			
6. Allocated by Other United Ways			
7. Fees/Grants from Government Agencies	162,545	123,500	140,000
8. Membership Dues ($25 per person)	2,430	5,000	3,000
9. Program Services Fees & Net incidentals		10,000	0
10. Sales of Materials			
11. Investment Income	537	3,000	1,000
12. Other Revenue Sources	48,423	20,000	23,400
13. TOTAL SUPPORT & REVENUE (add 1-12)	**285,249**	**220,100**	**219,400**
EXPENSES:			
14. Salaries	116,089	103,500	108,600
15. Employee Benefits	766	2,000	1,000
16. Payroll Taxes, Etc.	8,932	8,500	8,500
17. Professional Fees	7,826	8,500	9,000
18. Supplies	4,802	3,500	6,000
19. Telephone / Internet	2,747	3,000	3,500
20. Postage & Shipping	220	1,000	350
21. Occupancy	19,429	26,000	23,000
22. Rental & Maintenance of Equipment	6,845	8,000	7,500
23. Printing & Publications	644	1,000	800
24. Travel	97	1,500	500
25. Conferences, Conventions, Meetings		300	300
26. Specific Assistance to Individuals	27,925	26,000	30,000
27. Membership Dues	310	300	350
28. Insurance	11,244	12,000	12,200
29. Miscellaneous / Member Activities	3,460	15,000	7,800
30. TOTAL EXPENSES (add 14-29)	**211,336**	**220,100**	**219,400**
31. Payments to Affiliated Organizations			
32. Board Designated Activities for Future Years			
33. TOTAL EXPENSES FOR BUDGET PERIOD FOR ALL ACTIVITIES (30+31+32)	**211,336**	**220,100**	**219,400**
34. TOTAL EXPENSES FOR ACTIVITIES FINANCED BY RESTRICTED FUNDS.			
35. TOTAL EXPENSES FOR ACTIVITIES FINANCED BY UNRESTRICTED FUNDS (33-34)	**211,336**	**220,100**	**219,400**
36. EXCESS (DEFICIT) OF TOTAL REVENUE OVER EXPENSES (13-35)	**73,913**	**0**	**0**
37. DEPRECIATION OF BUILDING & EQUIPMENT	39,256	40,000	40,000
38. MAJOR PROPERTY & EQUIPMENT ACQUISITION	23,570	5,000	5,000

Hamblen County

Tab 10

Senior Citizens Center, Inc.
841 Lincoln Avenue
Morristown, TN 37813
(423) 581-5166
hamblenooa@lcs.net

An Agency Of

United Way

RECEIVED
MAR 03 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 3, 2022

Ms. Anne Bryant-Hurst
Hamblen County Finance Director
511 West Second North Street
Morristown, TN 37814

Re: Senior Citizens Center & SCC Vital Visits 2022-2023 Budget Request

Dear Ms. Bryant-Hurst:

On behalf of the Senior Citizens Center, please accept our gratitude for the many years of support the County has provided. The funds we receive from Hamblen County are vital for us to continue our services to the seniors of Hamblen County.

Enclosed you will find (3) copies of our 501 c (3) letter, audit report, and 2022-2023 budget. Please let me know if additional information is needed. If there are questions, feel free to contact me at 581-5166 or e-mail me at hamblenooa@lcs.net. Thank you.

Sincerely,

Valerie Farmer

Valerie Farmer
Executive Director

Attachments:
(3) copies of Proof of 501 (c) (3) from the IRS
(3) copies of 2020-2021 Audit
(3) copies of most current Budget

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Senior Citizens Center – Vital Visits
Valerie Farmer, Executive Director
841 Lincoln Avenue
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $6,500

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service
Room 146, Quality Review Staff
P. O. Box 1055
Atlanta, Georgia 30370

Department of the Treasury

EO 105

BH JUL 10 1984

Person to Contact:
M. Culver/lch
Contact Telephone Number:
(404) 221-5455
Reply to:
7203-7223
Employer Identification
Number:
62-0856166

Morristown Hamblen Adult
Center Incorporated
417 W. Main Street
Morristown, TN 37814

Dear Sir or Madam:

We have recently completed our examination of your Form 990 for the year ended June 30, 1983. You will be pleased to know that we will continue to recognize your organization as tax-exempt under section 501(c)(3) of the Internal Revenue Code. Your return is accepted as filed.

Also, there is no change in your liability for the tax on unrelated business income imposed by sections 511 through 513 of the Internal Revenue Code.

However, we noted certain aspects of your operations, that, if continued unchanged, could jeopardize your exempt status in future years or subject your organization to other penalties imposed by the Code and Regulations.

Our examination disclosed that your organization failed to furnish the names and addresses of all your officers, directors, and trustees and the compensation paid to each of them as required by section 1.6033-2(a)2(ii)(g) of the Income Tax Regulations. This information must be provided with your Form 990 in future years.

Revenue Ruling 59-95, Cumulative Bulletin 1959-1, page 627, prescribes that failure to comply with the provisions of section 6033 of the Code and regulations which implement it, may result in the termination of the exempt status of an organization on the grounds that the organization has not established that it is observing the conditions required for the continuation of its exempt status.

Thank you for your cooperation.

Sincerely yours,

Michael J. Murphy
District Director

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

AUDIT REPORT

June 30, 2021 and 2020

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DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 225 WEST FIRST NORTH STREET, SUITE 104
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423) 587-9335
Fax (423) 586-1381
Email dcline@musfiber.com

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Senior Citizens Center, Inc.
Morristown, Tennessee

We have audited the accompanying statements of financial position of the Senior Citizens Center, Inc. as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Citizens Center, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of the Senior Citizens Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Senior Citizens, Inc.'s internal control over financial reporting and compliance.

Duane Cline

Duane Cline
Certified Public Accountant

December 22, 2021

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$312,653	$262,117
Accounts Receivable		
Grantors-cost reimbursement	4,524	4,524
Promises to give-expected to be collected in less than one year	23,154	23,155
Total Current Assets	340,331	289,796
Property and Equipment-net of accumulated depreciation	518,521	534,207
Total Assets	$858,852	$824,003
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	$ 1,400	$ 2,434
Accrued Payroll Taxes	1,727	1,930
Accrued Vacation	6,377	18,834
Total Current Liabilities	9,504	23,198
Net Assets		
Without Donor Restrictions		
Operating	302,777	239,568
Property	518,521	534,207
With Donor Restrictions		
Building Donations	18,432	17,418
Van Donations	9,618	9,612
Total Net Assets	849,348	800,805
Total Liabilities and Net Assets	$858,852	$824,003

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
SUPPORT AND REVENUE					
Grant Awards	$ 21,844	$ -0-	$ 141,966	$ -0-	$ -0-
Contributions	29,769			27,085	
Interest Income	526			5	6
Program Income	68,786				
Rental Income	500				
Unrestricted by satisfaction of grantor restrictions	141,966	-0-	(141,966)	-0-	-0-
Total Support and Revenue	263,391	-0-	-0-	27,090	6
EXPENSES					
Salaries and Benefits	116,962				
Activities Cost	4,293				
Vital Visits Costs	26,594				
Professional Fees	7,826				
Insurance	11,244				
Depreciation		39,256			
Supplies	1,220				
Utilities	19,429				
Telephone	2,747				
Office Supplies and Expense	3,582				
Postage and Shipping	220				
Maintenance and Repairs	4,339			2,506	
Other Expenses	1,726	-0-	-0-	-0-	-0-
Total Expenses	200,182	39,256	-0-	2,506	-0-
CHANGE IN NET ASSETS BEFORE CAPITAL TRANSACTIONS	63,209	(39,256)	-0-	24,584	6

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES (CONTINUED)

For the year ended June 30, 2021

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
CAPITAL TRANSACTIONS					
Purchases of Prop & Equip	$ -0-	$ 23,570	$ -0-	$(23,570)	$ -0-
Sale of Equipment	-0-	-0-	-0-	-0-	-0-
Total Capital Transactions	-0-	23,570	-0-	(23,570)	-0-
CHANGE IN NET ASSETS	63,209	(15,686)	-0-	1,014	6
NET ASSETS – Beginning	239,568	534,207	-0-	17,418	9,612
NET ASSETS – Ending	$302,777	$518,521	$ -0-	$ 18,432	$ 9,618

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020
(Prior Year)

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
SUPPORT AND REVENUE					
Grant Awards	$ 28,550	$ -0-	$ 102,773	$ -0-	$ -0-
Contributions	15,203			2,523	
Interest Income	4,910			7	12
Program Income	65,651				
Rental Income	1,940				
Unrestricted by satisfaction of grantor restrictions	102,773	-0-	(102,773)	-0-	-0-
Total Support and Revenue	219,027	-0-	-0-	2,530	12
EXPENSES					
Salaries and Benefits	130,939				
Activities Cost	9,572				
Vital Visits Costs	16,207				
Professional Fees	8,387				
Insurance	10,745				
Depreciation		38,125			
Supplies	526				
Utilities	24,744				
Telephone	2,578				
Office Supplies	2,933				
Maintenance and Repairs	2,587			3,378	606
Other Expenses	3,529	-0-	-0-	-0-	-0-
Total Expenses	212,747	38,125	-0-	3,378	606
CHANGE IN NET ASSETS BEFORE CAPITAL TRANSACTIONS	6,280	(38,125)	-0-	(848)	(594)

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES (CONTINUED)

For the year ended June 30, 2020
(Prior Year)

	Without Donor Restrictions		With Donor Restrictions		
	Operating Net Assets	Property Net Assets	Grantor Restricted Net Assets	Building Campaign Net Assets	Van Campaign Net Assets
CAPITAL TRANSACTIONS					
Purchases of Prop & Equip	$ (5,723)	$ 10,040	$ -0-	$ (4,317)	$ -0-
Sale of Equipment	-0-	-0-	-0-	-0-	-0-
Total Capital Transactions	(5,723)	10,040	-0-	(4,317)	-0-
CHANGE IN NET ASSETS	557	(28,085)	-0-	(5,165)	(594)
NET ASSETS – Beginning	239,011	562,292	-0-	22,583	10,206
NET ASSETS – Ending	$239,568	$534,207	$ -0-	$17,418	$ 9,612

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Service Costs	Management and General	Total
Salaries and Benefits	$104,798	$12,164	$116,962
Activities Cost	4,293	-0-	4,293
Vital Visits Costs	26,594	-0-	26,594
Professional Fees	7,012	814	7,826
Insurance	10,075	1,169	11,244
Depreciation	35,173	4,083	39,256
Supplies	1,093	127	1,220
Utilities	17,408	2,021	19,429
Telephone	2,461	286	2,747
Office Supplies	3,209	373	3,582
Postage and Shipping	197	23	220
Maintenance and Repairs	6,133	712	6,845
Other Expenses	1,546	180	1,726
Total	$219,992	$21,952	$241,944

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020
(Prior Year)

	Program Service Costs	Management and General	Total
Salaries and Benefits	$117,321	$13,618	$130,939
Activities Cost	9,572	-0-	9,572
Vital Visits Costs	16,207	-0-	16,207
Professional Fees	7,515	872	8,387
Insurance	9,628	1,117	10,745
Depreciation	34,160	3,965	38,125
Supplies	471	55	526
Utilities	20,715	4,029	24,744
Telephone	2,310	268	2,578
Office Supplies	2,628	305	2,933
Maintenance and Repairs	5,888	683	6,571
Other Expenses	3,162	367	3,529
Total	$229,577	$25,279	$254,856

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets before Capital Transactions	$ 48,543	$ (33,287)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	39,256	38,125
(Increase) Decrease in:		
Accounts Receivable-Grantors	-0-	(12,481)
Increase (Decrease) in:		
Accounts Payable	(1,034)	(2,235)
Accrued Payroll Related Liabilities	(202)	(12)
Accrued Vacation	(12,457)	12,034
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	74,106	2,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and Equipment Additions	(23,570)	(10,040)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,536	(7,896)
CASH AND CASH EQUIVALENTS-Beginning	262,117	270,013
CASH AND CASH EQUIVALENTS-Ending	$312,653	$262,117

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

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Senior Citizens Center, Inc. is an activity center with membership open to anyone 50 years of age or older. The Center also serves as the local Office on Aging for Hamblen County and operates a home delivery meal service for senior citizens who are unable to prepare meals for themselves under its Vital Visits Program.

BASIS OF ACCOUNTING

The Center maintains its financial records on a cash basis throughout the year. At year-end the records are adjusted to utilize the accrual basis of accounting.

BASIS OF PRESENTATION

The Center's net assets and changes therein are classified as follows:

Net assets without donor restrictions – 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 the Organization's management and the board of directors.

Net Assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed are reported as net assets released from restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without.

DEPRECIABLE ASSETS

Depreciable assets are recorded at cost or, in the case of donated assets, fair market value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

CASH AND CASH EQUIVALENTS

The Senior Citizens Center, Inc. considers all highly liquid investments of six months or less when purchased to be cash equivalents.

DONATED SERVICES

Donated services are comprised of volunteer time contributed to the Senior Citizens Center, Inc. by individuals. Value is assigned based upon
the reasonable cost of the particular service provided. There were no donated services for the year ended June 30, 2021 and 2020.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

GRANT AND CONTRACT SUPPORT

Title III-B and Title III-F funds from the East Tennessee Human Resource Agency are for support of the operation of an Office on Aging for Hamblen County and senior health programs, respectively. State Senior Center Funds are also received from East Tennessee Human Resource Agency for the support of the Senior Center.

The Title III-B, Title III-D, and State Senior Funds are received through cash reimbursement grants with local match requirements. Amounts expended under these grants that have not been received from the grantor agency are reflected as receivable from the grantor in these financial statements.

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

INCOME TAXES

The Center is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Center has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509 (a) of the Code.

FUNCTIONAL EXPENSES

The costs of the Organization's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable to a program and support costs are allocated based on management's estimate of units of service.

NOTE B – PROMISES TO GIVE

Unconditional promises to give are composed of the remaining calendar year allocations from United Way of Hamblen County. These remaining allocations amounted to $10,998 at June 30, 2020 and $10,998 at June 30, 2021.

NOTE C – PROPERTY AND EQUIPMENT

Major classifications of depreciable assets and their respective depreciable lives are as follows:

	2020	2021	Lives
Land	$ 33,000	$ 33,000	
Building and Improvements	999,989	1,023,560	10-39 years
Furniture and Fixtures	121,150	121,150	7-10 years
Transportation Equipment	88,207	88,207	3-5 years
	1,242,346	1,265,917	
Less: Accumulated Depreciation	(708,140)	(747,396)	
Net Property and Equipment	$ 534,206	$ 518,521	

Depreciation expense totaled $38,125 in 2020 and $39,256 in 2021.

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020 and 2021

NOTE D – CONCENTRATIONS

GEOGRAPHICAL

The geographical area in which this organization operates is a portion of Upper East Tennessee.

NOTE E – COMMITMENTS AND CONTINGENCIES

LITIGATION

The Center is unaware of any litigation, claims or assessments that are required to be disclosed in the financial statements.

NOTE F – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through December 22, 2021, the date on which the financial statements were available to be issued and found no significant events requiring disclosure.

NOTE G – AVAILABLE RESOURCES AND LIQUIDITY

In addition to financial assets available to meet all expenditures related to its ongoing activities of operation of a senior activity center and general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover all expenditures by donor, grant and fund-raising resources. Refer to statement of cash flows which shows positive cash generated for the fiscal year ended, and also unrestricted cash and accounts receivable in the amounts of $340,331 which is available to meet general and program expenditures.

NOTE H - ADVERTISING COSTS

Advertising costs are expensed as incurred since no future economic benefits are expected.

DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 225 WEST FIRST NORTH STREET, SUITE 104
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423) 587-9335
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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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
Senior Citizens Center, Inc.
Morristown, Tennessee

We 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 the Senior Citizens Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Senior Citizens Center, 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Senior Citizens Center's internal control. Accordingly, we 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not note any deficiencies in internal control and questioned cots that we considered to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about Senior Citizens Center, Inc.'s financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this report

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

Duane Cline

Duane Cline
Certified Public Accountant

December 22, 2021

SENIOR CITIZENS CENTER, INC.

Morristown, Tennessee

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2021

Financial Statement Findings

2020-001-Lack of segregation of duties is not present in the current year.

NAME OF AGENCY: SENIOR CITIZENS CENTER

REVENUE AND EXPENSES ALL SOURCES REVENUE:	FISCAL 2021 ACTUAL (LAST YEAR)	FISCAL 2022 BUDGET (THIS YEAR)	FISCAL 2023 PROPOSED (NEXT YEAR)
1. ALLOCATION FROM THIS UNITED WAY	21,727	22,000	22,000
2. Contributions	45,170	22,600	20,000
3. Special Events	4,417	14,000	10,000
4. Legacies & Bequests (Unrestricted)			
5. Contributed by Associated Organizations			
6. Allocated by Other United Ways			
7. Fees/Grants from Government Agencies	162,545	123,500	140,000
8. Membership Dues ($25 per person)	2,430	5,000	3,000
9. Program Services Fees & Net incidentals		10,000	0
10. Sales of Materials			
11. Investment Income	537	3,000	1,000
12. Other Revenue Sources	48,423	20,000	23,400
13. TOTAL SUPPORT & REVENUE (add 1-12)	**285,249**	**220,100**	**219,400**
EXPENSES:			
14. Salaries	116,089	103,500	108,600
15. Employee Benefits	766	2,000	1,000
16. Payroll Taxes, Etc.	8,932	8,500	8,500
17. Professional Fees	7,826	8,500	9,000
18. Supplies	4,802	3,500	6,000
19. Telephone / Internet	2,747	3,000	3,500
20. Postage & Shipping	220	1,000	350
21. Occupancy	19,429	26,000	23,000
22. Rental & Maintenance of Equipment	6,845	8,000	7,500
23. Printing & Publications	644	1,000	800
24. Travel	97	1,500	500
25. Conferences, Conventions, Meetings		300	300
26. Specific Assistance to Individuals	27,925	26,000	30,000
27. Membership Dues	310	300	350
28. Insurance	11,244	12,000	12,200
29. Miscellaneous / Member Activities	3,460	15,000	7,800
30. TOTAL EXPENSES (add 14-29)	**211,336**	**220,100**	**219,400**
31. Payments to Affiliated Organizations			
32. Board Designated Activities for Future Years			
33. TOTAL EXPENSES FOR BUDGET PERIOD FOR ALL ACTIVITIES (30+31+32)	**211,336**	**220,100**	**219,400**
34. TOTAL EXPENSES FOR ACTIVITIES FINANCED BY RESTRICTED FUNDS.			
35. TOTAL EXPENSES FOR ACTIVITIES FINANCED BY UNRESTRICTED FUNDS (33-34)	**211,336**	**220,100**	**219,400**
36. EXCESS (DEFICIT) OF TOTAL REVENUE OVER EXPENSES (13-35)	**73,913**	**0**	**0**
37. DEPRECIATION OF BUILDING & EQUIPMENT	39,256	40,000	40,000
38. MAJOR PROPERTY & EQUIPMENT ACQUISITION	23,570	5,000	5,000

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 11

Morristown-Hamblen Library

417 WEST MAIN STREET, MORRISTOWN, TN 37814 TELEPHONE: 423-586-6410 / FAX: 423-587-6226

RECEIVED
MAR 17 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

To: Anne Bryant-Hurst

From: Shelly Shropshire, Director

Date: March 15, 2022

RE: Request for Budget FY 2022 2023

The Hamblen County Library Board of Trustees requests a **total appropriation of $329,500**:

- $311,400 for operations and an additional
- $18,100 for a one-time capital expenditure.

We are asking the City of Morristown for the same amount for FY 2022 2023.

All **operating funds of $311,400**, are for staff, services, and facilities to provide all Morristown and Hamblen County citizens with free access to information, materials, and technology resources to help them meet their informational, cultural, social, and recreational needs. Included are programs for children, teens, and adults, personal assistance in locating and using information sources, training for the use of a myriad of technical devices, meeting spaces for civic and other community groups, and materials in a variety of formats for a diverse range of needs, interests, and abilities.

Increases from last year's operating budget include a **3% raise for staff** and a **$1,500** increase for merchant services and dues and staff training.

One-time capital expenditure of $18,100 will purchase and upgrade the current security camera system installed in 2013. The current system is not compatible with the newer network and is not working and recording correctly. The Library is thought of as a safe space by the community. The one-time capital expenditure for upgraded security cameras is an essential tool for a safe and secure community.

The Morristown-Hamblen Library has presented programming and kept up with technology because of the public's generosity through organizations and various grants. However, the Library relies on funding from the City of Morristown and the Hamblen County Government to maintain a well-trained staff, provide physical and electronic materials and resources and cover the cost of essential operation. Without appropriations, the Library would not operate as effectively or efficiently, the purchasing of materials, staffing, safety of patrons and employees, and hours of operation would be in jeopardy.

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Morristown-Hamblen Library
Shelly Shropshire, Executive Director
417 West Main Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with the policies and procedures of Hamblen County.

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of a letter requesting your appropriation for this fiscal year,
2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and
3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $301,950

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

MORRISTOWN-HAMBLEN LIBRARY

FINANCIAL STATEMENTS

Year Ended June 30, 2020

MORRISTOWN-HAMBLEN LIBRARY
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MORRISTOWN-HAMBLEN LIBRARY
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS

David Tilson, Chairman
Morristown, Tennessee

Dr. Alpha Alexander, Vice-Chairman
Morristown, Tennessee

Treva Purkey, Treasurer
Morristown, Tennessee

Jyothi Ramaprasad, Secretary
Morristown, Tennessee

Kevin Smith
Morristown, Tennessee

Roxanne Bowen
Morristown, Tennessee

Elizabeth Campbell
Morristown, Tennessee

Rob Reel
Whitesburg, Tennessee

Kay Senter
Morristown, Tennessee

Debra Williams
Morristown, Tennessee

Shelly Shropshire, Director
Morristown, Tennessee

Purkey, Carter, Compton, Swann & Carter, PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Morristown-Hamblen Library
Morristown, Tennessee

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and the general fund of Morristown-Hamblen Library (the Library), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Morristown-Hamblen Library as of June 30, 2020, and the respective changes in financial position and fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Morristown-Hamblen Library's management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Morristown-Hamblen Library's basic financial statements. The Roster of Board Members and Management Officials is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Roster has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of Morristown-Hamblen Library's internal control over financial reporting and on our 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 our 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 the Library'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 Morristown-Hamblen Library's internal control over financial reporting and compliance.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, Tennessee
March 31, 2021

MORRISTOWN-HAMBLEN LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

	General Fund	Adjustments (Note F)	Statement of Net Position
Assets			
Cash, primarily interest bearing	$ 212,479	$ -	$ 212,479
Prepaid expenses	4,027	-	4,027
Land	-	185,000	185,000
Other capital assets, net of accumulated depreciation	-	1,107,201	1,107,201
Total Assets	$ 216,506	$ 1,292,201	$ 1,508,707
Liabilities			
Accounts payable	$ 20,194	$ -	$ 20,194
Accrued labor and benefits	41,486	-	41,486
Total Liabilities	61,680	-	61,680
Fund Balance/Net Position			
Fund Balance			
Nonspendable	4,027	(4,027)	-
Restricted for future programs	8,093	(8,093)	-
Unassigned	142,706	(142,706)	-
Total Fund Balance	154,826	(154,826)	-
Net Position			
Investment in capital assets	-	1,292,201	1,292,201
Restricted, expendable, for donor purposes	-	8,093	8,093
Unrestricted	-	146,733	146,733
Total Net Position	-	1,447,027	1,447,027
Total Liabilities and Fund Balance/Net Position	$ 216,506	$ 1,292,201	$ 1,508,707

See accompanying notes to financial statements.

MORRISTOWN-HAMBLEN LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2020

	General Fund	Adjustments (Note F)	Statement of Activities
Revenues			
Local government appropriations	$ 601,700	$ -	$ 601,700
State and other grants	2,554	-	2,554
Fines and charges	164,567	-	164,567
Gifts and memorials	13,945	-	13,945
Fundraisers	3,308	-	3,308
Total Revenues	786,074	-	786,074
Expenditures			
Library services			
Labor and benefits	474,754	-	474,754
Periodicals	14,433	-	14,433
Depreciation	-	143,568	143,568
Utilities	30,947	-	30,947
Repairs and maintenance	10,282	-	10,282
Supplies	23,060	-	23,060
Insurance	22,188	-	22,188
Telephone and internet	81,493	-	81,493
Computer upgrade and maintenance	6,508	-	6,508
Professional services	5,800	-	5,800
Travel, training and dues	2,937	-	2,937
Advertising	438	-	438
Miscellaneous	9,824	-	9,824
Capital outlay			
Building and equipment	47,845	(47,845)	-
Circulation materials	41,784	(41,784)	-
Total Expenditures	772,293	53,939	826,232
Excess (Deficiency) of Revenues Over Expenditures/Net Change in Fund Balance	13,781	(13,781)	-
Change in Net Position	-	(40,158)	(40,158)
Fund Balance/Net Position			
Beginning of Year	141,045	1,346,140	1,487,185
End of Year	$ 154,826	$ 1,292,201	$ 1,447,027

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of Morristown-Hamblen Library. The Morristown-Hamblen Library (the Library) is a joint venture of two equal participants, the City of Morristown and Hamblen County, Tennessee, created to provide public library service to the general public. The Library is financed primarily by appropriations from these entities. The Board of Trustees of Morristown-Hamblen Library consists of eleven members of which the Hamblen County Commission appoints seven members and the City of Morristown appoints four members. The Library's operating budget is adopted and controlled by its Board of Trustees without requiring the participants' approval. However, the participants have indirect control of the budget through the amount of annual appropriations.

Basis of Presentation

Government-wide Statements:
The statement of net position and the statement of activities display information about the Library and its overall financial activities.

Fund Financial Statements:
The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The operations of the Library are accounted for in one type of governmental fund, the General Fund, which is the general operating fund of the Library. It is used to account for the acquisition, use, and balances of the Library's expendable financial resources and the related liabilities.

Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures generally are recognized when the liability is incurred.

Capital Assets

Capital assets are reported in the governmental activities column of the government-wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their estimated fair value at the date of donation. The Library maintains a capitalization threshold of $250. The Library does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 60 years. Books and other circulation materials with an estimated life greater than one year are capitalized and depreciated using a group depreciation method with lives ranging from 3 to 7 years.

Fund Balance

The Library's fund balance is reported using the following classifications:

Nonspendable items – this category includes items that cannot be spent because of their form. This includes such items as prepaid expenses and grants receivable.

Restricted items – this category includes fund balances that are limited by external parties for specific future use.

Assigned items – this category includes fund balances that contain constraints that are self-imposed by the board to be used for particular purposes.

Unassigned items – this category represents the remainder of the Library's fund balance that is not limited for any particular purpose.

When both restricted and unassigned funds are available for the same purpose, it is the Library's policy to use restricted funds first. Furthermore, assigned funds are reduced before unassigned funds when expenditures are incurred for which either of these unrestricted fund balance classifications can be used.

Net Position

Net position represents the residual of all elements presented in a statement of financial position and is classified into three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets are reduced by the outstanding balances, if any, of borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are external restrictions placed on use by donors or grantors. It is the Library's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contract Labor
Labor for Library personnel is contracted with Hamblen County, Tennessee. Appropriate labor costs, payroll taxes, benefits, etc. are paid by the County and reimbursed by the Library.

Compensated Absences
Personnel of the Library are entitled to paid vacation depending on classification and length of service. At least one half of annual leave must be used each fiscal year with remaining unused time converted to sick leave. Vacation time may not be accumulated and carried forward to the next fiscal year. Accumulated sick leave has no value except for the purpose granted and in the event of separation, all unused sick leave will be forfeited.

Deposit and Investment Policies
Morristown-Hamblen Library follows state and county guidelines mandating collateralized or insured accounts for deposits and investments. The Library is included in Hamblen County government's contract with local financial institutions which requires that the institution be a participant in the State of Tennessee Bank Collateral Pool.

Subsequent Events
Morristown-Hamblen Library evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - CAPITAL ASSETS

Changes in fixed assets for year ended June 30, 2020, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 185,000	$ -	$ -	$ 185,000
Capital assets being depreciated:				
Building and improvements	1,973,749	8,752	-	1,982,501
Circulation materials	749,104	41,784	22,296	768,592
Furniture and equipment	418,051	39,093	-	457,144
Total capital assets being depreciated	3,140,904	89,629	22,296	3,208,237
Less accumulated depreciation for:				
Buildings and improvements	1,043,427	73,202	-	1,116,629
Circulation materials	584,241	52,115	22,296	614,060
Furniture and equipment	352,096	18,251	-	370,347
Total accumulated depreciation	1,979,764	143,568	22,296	2,101,036
Total capital assets being depreciated, net	1,161,140	(53,939)	-	1,107,201
Capital assets, net	$ 1,346,140	$ (53,939)	$ -	$ 1,292,201

NOTE C - RISK MANAGEMENT

Morristown-Hamblen Library is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to personnel and natural disasters. The Library purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the last three fiscal years.

NOTE D - RESTRICTED FUND BALANCE/RESTRICTED NET POSITION

The restricted fund balance and restricted net position of $8,093 at June 30, 2020, consist of donor restricted contributions not yet spent for purpose.

NOTE E - NONSPENDABLE FUND BALANCE

The nonspendable fund balance of $4,027 at June 30, 2020, consists of prepaid expenses.

NOTE F - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION AND BETWEEN GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

The Library's fund balance and net change in fund balance differ from net position and change in net position primarily as a result of the long-term economic focus of the statement of net position and the statement of activities versus the current financial resources focus of governmental funds.

When capital assets are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the Library as a whole.

When debt is incurred, proceeds are reported as financing revenue in governmental funds. In the statement of net position, however, debt incurred increases liabilities and does not affect the statement of activities.

Nonspendable fund balance	$ 4,027
Restricted fund balance	8,093
Unassigned fund balance	142,706
Cost of capital assets	3,393,237
Accumulated depreciation	(2,101,036)
Total Net Position	$ 1,447,027

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

When capital assets are acquired through financing activities, debt proceeds are reported as financing revenue in governmental funds. In government-wide statements, however, debt increases liabilities in the statement of net assets and does not affect the statement of activities. Likewise, repayment of principal is reported as an expenditure in governmental funds and a decrease in liabilities in the statement of net assets.

Excess (deficiency) of revenues over expenditures	$ 13,781
Capital outlay:	
Building and equipment	47,845
Circulation materials	41,784
Depreciation expense	(143,568)
Change in net position	$ (40,158)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS

Purkey, Carter, Compton, Swann & Carter, PLLC
Certified Public Accountants

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

To the Board of Trustees
Morristown-Hamblen Library
Morristown, Tennessee

We 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 the governmental activities and the general fund of Morristown-Hamblen Library, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Morristown-Hamblen Library's basic financial statements and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Morristown-Hamblen Library'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morristown-Hamblen Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Morristown-Hamblen Library'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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Morristown-Hamblen Library's financial statements are free from material misstatement, we 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morristown-Hamblen's Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morristown-Hamblen Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, Tennessee
March 31, 2021

MORRISTOWN-HAMBLEN LIBRARY
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
June 30, 2020

There were no prior findings reported.

Morristown-Hamblen Library

	FY 2021 2022 CURRENT BUDGET	FY 2021-22 Projection	FY 2022-2023 Proposed Budget	Change $ Amt	Change Includes 3% salary increase +
Revenue					
Hamblen County Income	$301,950	$ 301,950	$311,400	$ 9,450	3.13%
City of Morristown Income	$301,950	301,950	$311,400	$ 9,450	3.13%
Fines	12,500	9,000	9,000	$ (3,500)	-28.00%
Copier/Printer	12,500	9,000	9,000	$ (3,500)	-28.00%
Other and Lost Materials	4,000	2,500	3,000	$ (1,000)	-25.00%
Community Room Fees	7,000	5,000	7,000	$ -	0.00%
Hotspot Fees	112,000	119,000	115,000	$ 3,000	2.68%
Other Income					
One-Time Capital Expense County			18,100		
One-Time Capital Expense City			18,100		
Gifts and Memorials	3,950	6,000	3,950	$ -	0.00%
Fundraisers	0	2,000	0	$ -	
Reserves					
* ***Budgeted from Unrestricted Fund Bala***	***16,850***	***1,200***	***18,850***	***2,000***	11.87%
Total Revenue	***$772,700***	***$ 757,600***	***$824,800***	$ 52,100	6.74%
		COVID 19			
Expense					
Materials Expense	$60,000	$60,000	$60,000	$ -	0.00%
Maintenance Expense	13,200	13,200	13,200	$ -	0.00%
Supplies	23,000	23,000	23,000	$ -	0.00%
Library Program Expenses (children, tee	3,000	3,000	3,000	$ -	0.00%
Dues and Training Expense	2,500	2,000	3,000	$ 500	20.00%
Account/Banccard Service Charge	3,000	3,200	4,000	$ 1,000	33.33%
Audit Expense	5,800	5,800	5,800	$ -	0.00%
Insurance Expense	20,200	20,200	20,200	$ -	0.00%
ILS Circulation Program	6,300	6,300	6,300	$ -	0.00%
** Gross Wages	409,900	402,000	421,600	$ 11,700	2.85%
** Employee Benefits	112,200	111,400	115,000	$ 2,800	2.50%
Utilities Expense	32,000	32,000	32,000	$ -	0.00%
Telecommunications Expense	3,000	3,000	3,000	$ -	0.00%
Hotspot Expense	78,000	72,000	78,000	$ -	0.00%
Other Expenses					
Advertising	$600	500	$500	$ (100)	-16.67%
One Time Capital Expense	0	0	36,200		
Total Expense	**$772,700**	**$757,600**	**$824,800**	$ 52,100	6.74%

Morristown-Hamblen Library Employees

NOTES Employee Budget 22 23

One-Time Capital Expense

Security Camera upgrade

Salary / Benefit expenses

Children's Librarian retired. Teen Librarian is now Youth Services Librarian. Youth Services Librarian is already Full Time at 30 hours a week. Will increase hours to 40 hours a week.

The remainder of 18 hours from Vanda's retirement will be given to existing employees to help with desk duties.

New Janitors have been hired. Starting salary is $10.00/hour. This is slightly less than previous janitors.

Other expenses

Expected increases in account ban card services and Dues and training additional $1,500.

FY2022-23 Budget

Hamblen County

Tab 12

Ministerial Association Temporary Shelter (MATS)

733 W. Main St. • Morristown, TN 37814
www.matstn.com • www.facebook.com/tnmats/
Phone (423) 587-9215 • Fax (423) 317-7433

February 28, 2022

RECEIVED
FEB 28 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

Hamblen County
Finance Department

Ms. Anne Bryant-Hurst,

We serve men, women, and whole families. The top priorities for residents in the program continue to be: Affordable Housing and Sustainable Income.

The program identifies the client's obstacles and the root cause of their homelessness to develop an individualized success plan. Once we have identified the root causes of homelessness and co-occurring disorders, we begin a plan through intensive case management to tackle the issues. This program recognizes the breakdown happening and puts goals in action toward a permanent solution.

This program is not a handout or a hot and a cot. If we only "give them a fish," we change nothing, as they will be hungry again. However, if we dig a little deeper and "teach them to fish for themselves," we change their whole life. We've shown them how to be independent and how to provide for themselves.

Investing in our clients by educating them and equally requiring their participation to put in the sweat equity needed to get their lives back on track is the key to a permanent change to their situation.

I would like to see if MATS could be considered for a grant of $10,000 for this upcoming grant period?

Thank you so much for the opportunity to apply for the yearly grant.

With Appreciation,
Tonya Polidoro

Polidoro

Executive Director

Executive Director:
Tonya Polidoro
directorofmats@gmail.com

Assistant Director:
Aletha Purkey
assistantofmats@gmail.com

Case Managers:
Debi West
Tara Overholt
Sydney Sharp
Darcus Hall
Christina Librado-Trent

Marketing & Events Coordinator:
Abby Vannoy

AmeriCorp Members:
[illegible]nona Knight
[illegible]kayln Hunt

Executive/Board Members:
Nathan Antrican– President
Erin Dean – V. President
Rev. Walter Weikel– Secretary
Brandon Moore - Treasurer
Kristina Veit
Kristy Lacy
Mike Fawbush
Vic Trobaugh
Terry Hackney
Dr. Aaron May
Terry Strong
Eliana Leal
Tim Crews
Adam Ivy
Sylvia Tharp
Norma Elkins
Tim Bray
Tuesdee Davis
Margie Wright
Steve Wallen

An agency of:
United Way

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
FEB 28 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Ministerial Association Temporary Shelter, Inc. (M.A.T.S)
Tonya Polidoro, Executive Director
733 West Main Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst (AH)

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $8,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
C - 1130
ATLANTA, GA 30301

DEPARTMENT OF THE TREASURY

Date:
DEC 23 1992

MINISTERIAL ASSOCIATION TEMPORARY
SHELTER INC
P O BOX 1618
MORRISTOWN, TN 37816-1618

Employer Identification Number:
62-1324210
Contact Person:
LORI HALL
Contact Telephone Number:
(404) 331-0190

Our Letter Dated:
January 13, 1988
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Paul Williams
District Director

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.

FINANCIAL STATEMENTS

Year ended June 30, 2021

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.

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Notes to Financial Statements 7

Purkey, Carter, Compton, Swann & Carter, PLLC

Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ministerial Association Temporary Shelter, Inc.
Morristown, Tennessee

We have audited the accompanying financial statements of Ministerial Association Temporary Shelter, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ministerial Association Temporary Shelter, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, TN
November 17, 2021

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
Cash	$ 183,729
Accounts receivable	1,975
Grant receivable	54,934
Unconditional promises to give	56,975
Prepaid expense	2,246
Property and equipment, net	341,603
Utility deposit	60
TOTAL ASSETS	$ 641,522
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 10,547
Accrued payroll	1,321
Accrued payroll taxes	3,721
Annual leave	2,876
Deferred revenue	16,425
TOTAL LIABILITIES	34,890
NET ASSETS	
Net assets without donor restrictions:	
Undesignated	549,981
Net assets with donor restrictions	56,651
TOTAL NET ASSETS	606,632
TOTAL LIABILITIES AND NET ASSETS	$ 641,522

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

REVENUE, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions			
United Way	$ 41,217	$ 40,651	$ 81,868
Local governments	-	16,000	16,000
Donations	128,324	-	128,324
In-kind/non-cash donations	47,382	-	47,382
Emergency food & shelter program	12,689	-	12,689
Emergency shelter grant	228,107	-	228,107
Investment income	51	-	51
Paycheck protection program income	89,777	-	89,777
Special events revenue	39,627	-	39,627
Cost of direct benefit to donors	(16,928)	-	(16,928)
Net assets released from restrictions			
Expiration of time	67,304	(67,304)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	637,550	(10,653)	626,897
EXPENSES			
Program services			
Shelter services	319,951	-	319,951
Supporting services			
Management and general	72,210	-	72,210
Fundraising	43,822	-	43,822
TOTAL EXPENSES	435,983	-	435,983
CHANGE IN NET ASSETS	201,567	(10,653)	190,914
NET ASSETS AT BEGINNING OF YEAR	348,414	67,304	415,718
NET ASSETS AT END OF YEAR	$ 549,981	$ 56,651	$ 606,632

See accompanying notes to financial statements.

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

		Supporting Services			
	Program Services	Management and General	Fundraising	Direct Fundraising Costs	Total
Salaries	$ 154,566	$ 35,248	$ 36,093	$ -	$ 225,907
Employee benefits	10,923	2,571	2,571	-	16,065
Payroll taxes	13,686	3,220	3,220	-	20,126
Total salaries and related expenses	179,175	41,039	41,884	-	262,098
Utilities	14,083	1,741	-	-	15,824
Repairs and maintenance	4,090	-	-	-	4,090
Food donations	24,699	-	-	-	24,699
Telephone	5,020	1,181	1,181	-	7,382
Office expense	226	6,763	-	-	6,989
Insurance	8,935	1,463	757	-	11,155
Meals	22,686	-	-	-	22,686
Professional fees	-	9,638	-	-	9,638
Supplies	24,948	134	-	-	25,082
Contract Labor	9,000	-	-	-	9,000
Monitoring fee	-	2,700	-	-	2,700
Travel	-	1,540	-	-	1,540
Direct client expense	14,685	-	-	-	14,685
Security	2,665	329	-	-	2,994
Advertising	-	265	-	-	265
Dues and registration	-	4,213	-	-	4,213
Depreciation	9,739	1,204	-	-	10,943
Cost of direct benefit to donors	-	-	-	16,928	16,928
TOTAL EXPENSES	319,951	72,210	43,822	16,928	452,911
Less expenses included with revenue on the statement of activities	-	-	-	(16,928)	(16,928)
Total expenses included in the expense section of the statement of activities	$ 319,951	$ 72,210	$ 43,822	$ -	$ 435,983

See accompanying notes to financial statements.

MINISTERIAL ASSOCIATION TEMPORARY SHELTER, INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 190,914
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,943
(Increase) decrease in operating assets:	
Accounts receivable	(1,590)
Unconditional promises to give	10,741
Grant receivable	(34,483)
Prepaid expense	(2,246)
Increase (decrease) in operating liabilities:	
Accounts payable	3,940
Accrued payroll	(5,468)
Accrued payroll taxes	(5,709)
Annual leave	(1,290)
Deferred revenue	16,425
NET CASH PROVIDED BY OPERATING ACTIVITIES	182,177
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(19,919)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payroll protection program loan forgiveness	(49,200)
NET INCREASE IN CASH	113,058
CASH AT BEGINNING OF YEAR	70,671
CASH AT END OF YEAR	$ 183,729

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ministerial Association Temporary Shelter, Inc. was organized as a nonprofit corporation under the laws of the State of Tennessee in 1987. The Organization provides shelter on a temporary basis for homeless men, women, and children in Hamblen County and the surrounding area.

Basis of Accounting

The financial statements of Ministerial Association Temporary Shelter, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk

The Organization's concentrations of credit risk consist principally of promise to give. Concentrations of credit risk with respect to promises to give are dependent on factors affecting the economy in which contributors live and work. Collateral is not required on these promises to give.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Historically, differences between the amounts billed and collected have been insignificant. Accordingly, no provision is made for uncollectible amounts.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give, if necessary. The allowance is based on prior years' experience and management's analysis of the specific promises made.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. The Organization's capitalization policy is $1,000.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less and certificates of deposit to be cash equivalents. The Organization had no cash equivalents at June 30, 2021.

Advertising

The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year ended June 30, 2021 was $265.

Interest Expense

Interest expense is charged to expense in the period in which it is incurred; therefore, no interest has been capitalized during the year ended June 30, 2021.

Property Taxes

The Organization has been exempted from payment of city and county property taxes by the Tennessee State Board of Equalization.

Subsequent Events

The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - RECEIVABLES

Accounts receivable of $1,975 at June 30, 2021, consists of amounts due for various sponsorships. No allowance for uncollectible accounts receivable was considered necessary.

Grants receivable of $54,934 at June 30, 2021, consists of amounts due from the Emergency Shelter Grant and local FEMA agencies. Differences between amounts allocated and collected from grants receivable have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2021, consist of the following:

United Way	$ 40,975
Hamblen County	16,000
	$ 56,975

Differences between amounts promised and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE D - DEFERRED REVENUE AND PREPAID EXPENSE

The Organization conducted a concert in August of 2021, subsequent to year end. As a result, $16,425 in deferred revenue and $2,246 in prepaid expenses have been incurred as of June 30, 2021. Deferred revenues relate to prepayment of advertisements and sponsorships. Prepaid expenses relate to the down payment for the performers and initial setup costs.

NOTE E - FUNDING

Ministerial Association Temporary Shelter, Inc. receives a substantial amount of support from United Way, federal, state and local governments, and public support for operations. A major reduction of funds by the public and grantor agencies, should this occur, may have a significant effect on future operations.

NOTE F - ANNUAL LEAVE PAYABLE

The estimated value of annual leave accrued but not taken amounted to $2,876 at June 30, 2021. ASC Topic 710 *Compensation* – General, requires that certain accrued vacation, the effects of which are material to the financial statements, be recorded as earned.

NOTE G - PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on June 30, 2021, consisted of the following:

Land	$ 104,100
Building	240,523
Furniture and equipment	66,212
	410,835
Less accumulated depreciation	(69,232)
Net property and equipment	$ 341,603

Depreciation expense for the year ended June 30, 2021, was $10,943.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following period or purposes:

United Way funding for 2021	$ 40,651
Hamblen County funding for 2021	16,000
	$ 56,651

NOTE I - LIQUIDITY

Ministerial Association Temporary Shelter, Inc. has $240,638 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of $183,729, grants receivable of $54,934, and accounts receivable of $1,975. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

The Organization has unconditional promises to give in the amount of $56,975 restricted by time that is due to be collected within one year. When payment is received, the funds can be used for general expenditures.

NOTE J - IN-KIND REVENUE AND EXPENSE

Ministerial Association Temporary Shelter, Inc. reports the fair value of donated rescue food and grocery products over which it has control and received from Second Harvest Food Bank as unrestricted public support and, shortly thereafter, as expense when either used by the agency or granted to other local 501 (c)(3) agencies. During the year ended June 30, 2021, the Organization received approximately 28,969 pounds of donated product from Second Harvest Food Bank of which 1,738 pounds was discarded as unusable, 13,036 pounds was used by the Organization, and the remaining 14,195 pounds was donated to other agencies and/or needy individuals. The approximate average wholesale value of one pound of rescued product was determined to be $1.74 during calendar year 2020 as reported by annual financial statements of Feeding America. For the year ended June 30, 2021, the dollar amount of the poundage used by the Organization was approximately $22,683 and $24,699 was given to other agencies and/or needy individuals for a total of $47,382.

NOTE K - CONTINGENCIES

Ministerial Association Temporary Shelter, Inc. has successfully defended a claim of housing discrimination filed by a former tenant with the Tennessee Human Rights Commission. The Tennessee Human Rights Commission has ruled no fault for Ministerial Association Temporary Shelter, Inc. The former tenant requested a reconsideration request which has subsequently been dismissed as of the report date, as such no financial impact has been recorded on these financial statements.

NOTE L - RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus Disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the Organization could be material.

NOTE M - PAYCHECK PROTECTION PROGRAM LOAN

On April 10, 2020, the Organization was granted a loan from the Small Business Administration through Citizens National Bank in the amount of $49,200, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. The Organization's loan was forgiven by the Small Business Administration on October 30, 2020, and has recorded the funds as income for the year ended June 30, 2021.

On January 26, 2021, the Organization was granted a second loan from the Small Business Administration through Citizens National Bank in the amount of $40,577, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. This loan had not been forgiven by the Small Business Administration as of June 30, 2021, however at that time the Organization believed the loan forgiveness would be approved and paid in full. The loan was forgiven subsequent to year end on July 13, 2021, and as such has been recorded as income in the Statement of Activities for the year ended June 30, 2021.

M.A.T.S., Inc.
Profit & Loss Budget Overview
July 2021 through February 2022

			Jul '21 - Feb 22
Ordinary Income/Expense			
Income			
Contributions			
Amazon Smile		50.00	
Board-Employee Donations		1,600.00	
Business		4,668.00	
Churches		18,668.00	
Civic Organizations		1,336.00	
Corporate Sponsors		6,668.00	
Individuals		12,000.00	
Main Street Bldg		0.00	
Total Contributions			44,990.00
Fund Raising Income			
Concert			
Billboard Sponsors	1,600.00		
Concert Ad's	6,000.00		
Concert Sponsors	8,000.00		
Concession Sales	150.00		
Food Sponsor	1,000.00		
Media Sponsors	1,600.00		
Concert - Other	10,000.00		
Total Concert		28,350.00	
Donor Appeal		0.00	
Family Fun Day			
Dunking Booth	0.00		
Family Fun Day Sponsor	0.00		
Fun Day Craft Vendor	0.00		
Fun Day Food Vendor	0.00		
Painting Class	0.00		
Spray Tattoo's	0.00		
Family Fun Day - Other	0.00		
Total Family Fun Day		0.00	
Fundraising Miscellaneous		2,000.00	
Holiday Appeal		15,000.00	
Newsletter		1,000.00	
Resurrection Alms		0.00	
Run - 5K			
5K Sponsors	4,000.00		
Run - 5K - Other	5,000.00		
Total Run - 5K		9,000.00	
Shirts		500.00	
Summer Yard Sales		1,500.00	
Turkeys			
Spiral Hams	4,550.00		
Turkey Sponsor	5,500.00		
Turkeys - Bake Sale	1,000.00		
Vendor Booth	375.00		
Turkeys - Other	9,650.00		
Total Turkeys		21,075.00	
Total Fund Raising Income			78,425.00
Grants			
City of Morristown		8,000.00	

M.A.T.S., Inc.
Profit & Loss Budget Overview
July 2021 through February 2022

		Jul '21 - Feb 22
ESG - State of Tennessee		
ESG-CV	84,338.05	
ESG - State of Tennessee - Other	100,000.00	
Total ESG - State of Tennessee		184,338.05
FEMA - Hamblen Co.		6,267.00
FEMA - Hawkins County		1,700.00
FEMA - Jefferson County		1,991.50
GFWC		300.00
Hamblen County Commission		10,000.00
Keel Grant		4,000.00
Misc.		5,000.00
Presbyterian Hunger Grant		900.00
Un Way Hamblen County		48,593.36
Un Way Hawkins County		4,700.00
Un Way Jefferson County		2,320.00
Un Way of Grainger Co		1,048.00
Total Grants		279,157.91
Total Income		402,572.91
Cost of Goods Sold		
Cost of Fundraising		
Cost of 5K Run	2,500.00	
Cost of Business Mailers	250.00	
Cost of Concert	12,800.00	
Cost of Donor Appeal	450.00	
Cost of Family Fun Day	5,600.00	
Cost of Holiday Appeal	450.00	
Cost of Newsletter/Postcard Mai	500.00	
Cost of Sponsorship	550.00	
Cost of Turkeys	7,600.00	
Total Cost of Fundraising		30,700.00
Total COGS		30,700.00
Gross Profit		371,872.91
Expense		
Advertising		
Facebook Ads	480.00	
Shirts	600.00	
Advertising - Other	520.00	
Total Advertising		1,600.00
Board Supplies		400.00
Communications		
Cell Phone	2,520.00	
Telephone	10,357.65	
Total Communications		12,877.65
Continuing Education		2,000.00
Contract Labor		
AmeriCorp	17,750.00	
Total Contract Labor		17,750.00

M.A.T.S., Inc.
Profit & Loss Budget Overview
July 2021 through February 2022

		Jul '21 - Feb 22
Direct Client Expense		
Direct Client Expense ESG		
DCE-ESG Client medications	200.00	
DCE-ESG Client transportation	4,500.00	
DCE - Client Documents	200.00	
Rapid Re-Housing Praogram - CV	4,750.00	
Rapid Re-Housing Program	10,000.00	
Total Direct Client Expense ESG	19,650.00	
Total Direct Client Expense		19,650.00
Dues		
HMIS Monitoring Fee	2,700.00	
Premium Only Section 125 Plan	375.00	
Dues - Other	3,600.00	
Total Dues		6,675.00
Employee Benefits		2,000.00
Equipment Rental		2,000.00
Food Expense		1,000.00
Insurance		
Building and Contents Insurance	4,923.36	
Group Medical Insurance	11,740.98	
Liability Insurance	576.64	
Workers Comp. Ins.	4,000.00	
Total Insurance		21,240.98
Payroll (FICA) Expenses		12,394.04
Personnel Expenses		
Background Checks	96.00	
Total Personnel Expenses		96.00
Postage and Delivery		366.68
Printing and Reproduction		666.68
Professional Fees		
Accounting	5,175.00	
Legal Fees	0.00	
Total Professional Fees		5,175.00
Repairs & Maintenance		
Building Repairs & Maintance	26,666.68	
Computer Repairs	100.00	
Equipment Repairs	150.00	
Total Repairs & Maintenance		26,916.68
Salary Expense		
Salaries-Admin. Mgmt.	60,479.68	
Salaries-Marketing	19,840.44	
Salaries-Shelter Mgmt.	81,693.32	
Total Salary Expense		162,013.44
Security		1,500.00
Supplies		
Bed Bug Extermination	700.00	
Diagnostics	2,500.00	
Dumpster (Trash Service)	920.00	
Office Supplies	1,666.68	
Shelter Supplies	4,666.68	
Shelter Supplies-COVID 19	16,857.63	
Total Supplies		27,310.99

M.A.T.S., Inc.
Profit & Loss Budget Overview
July 2021 through February 2022

	Jul '21 - Feb 22	
Travel & Ent		
Meals	1,600.00	
Travel	2,000.00	
Total Travel & Ent		3,600.00
Utilities		
Water & Electric	11,586.68	
Total Utilities		11,586.68
Total Expense		338,819.82
Net Ordinary Income		33,053.09
Net Income		**33,053.09**

Helping Hands Clinic

of Hamblen County

March 10th 2022

RECEIVED
MAR 10 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

Hamblen County
Mayor Bill Brittain
511 West Second North Street
Morristown, TN 37814

Dear Mayor Brittain,

Enclosed please find the documents requested to be considered for financial contribution to the Helping Hands Clinic. We are a 501(c)(3) clinic providing primary care to patients between the ages of 19 and 64 who have no insurance and whose annual income falls within 200% of federal poverty guidelines. Patients must live in or work in Hamblen County to receive care at our clinic.

In 2021, we saw 708 patients and provided 1,875 visits. The clinic paid over $400 for prescriptions and completed applications for free or reduced drugs for qualified individuals. Due to the Covid pandemic the clinic saw reduced volumes and employee hours were cut significantly. During 2021 the clinic provided approximately 19 visits to the individuals under the jail to work program. We request to receive the $10,000 support from the County that we did in 2021. In order to continue providing care, we rely on funds from agencies including Hamblen County, City of Morristown, funds from the State of Tennessee Safety Net Program, and private donations from community churches and individuals.

Thank you for your consideration of our funding request in the amount of $10,000. If you have any questions or require additional information please do not hesitate to ask.

Thank You,

Amy Herndon

Amy Herndon, Treasurer

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Helping Hands
Amy Herndon, Treasurer
1111 Watercrest Street
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $10,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 20 2008

HELPING HANDS CLINIC INC
1307 LINCOLN AVE
MORRISTOWN, TN 37813

Employer Identification Number:
33-1066346
DLN:
17053054812058
Contact Person:
EDWARD S SCHLAACK ID# 31536
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated December 17, 2003, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

AUDIT REPORT

December 31, 2020

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Statement of Functional Expenses	5
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DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 225 WEST FIRST NORTH STREET, SUITE 104
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423)-587-9335
Fax (423) 586-1381
Email dcline@musfiber.com

MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Helping Hands Clinic, Inc.
Morristown, Tennessee

We have audited the accompanying financial statements of Helping Hands Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helping Hands Clinic, Inc. as of December 31, 2020, 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.

Duane Cline

Duane Cline, CPA, LLC

July 20, 2021

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS		
Current Assets		
Cash and Cash Equivalents	$103,459	
Grants Receivable	30,515	
Total Current Assets		$133,974
Property and Equipment-net of accumulated depreciation		-0-
Total Assets		$133,974
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable		$ 836
Net Assets		
Unrestricted		133,138
Total Liabilities and Net Assets		$133,974

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

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

SUPPORT AND REVENUE		
Program Services and Contributions	$129,982	
Interest Income	298	
Total Support and Revenue		$130,280
EXPENSES		
Program Services		
Medical Clinic	77,070	
Supporting Services		
Management and General	8,150	
Total Expenses		85,220
CHANGE IN NET ASSETS		45,060
NET ASSETS – Beginning		88,078
NET ASSETS – Ending		$133,138

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

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Service Costs	Management and General	Total
Salaries and benefits	$57,316	$5,982	$63,298
Medicine and supplies	11,431	-0-	11,431
Professional Fees	-0-	1,300	1,300
Telephone and Utilities	4,027	420	4,447
Insurance	2,051	214	2,265
Office Supplies and Expense	2,245	234	2,479
Total Expenses	$77,070	$8,150	$85,220

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

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	$ 45,060
Adjustments to reconcile changes in net Assets to net cash provided by operating activities:	
Increase in accounts receivable	(30,515)
Decrease in accounts payable	(139)
NET CASH USED BY OPERATING ACTIVITIES	14,406
CASH AND CASH EQUIVALENTS-Beginning	89,053
CASH AND CASH EQUIVALENTS-Ending	$103,459

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

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Helping Hands Clinic, Inc. is a nonprofit organization incorporated under the laws of the State of Tennessee in 2003. The clinic is a primary care clinic that provides free healthcare to residents and employees of Hamblen County who have no health insurance and whose household income is less than 200% of the Federal Poverty Guidelines.

BASIS OF ACCOUNTING

The Clinic maintains its financial records on a cash basis throughout the year. At year-end the records are adjusted to utilize the accrual basis of accounting.

BASIS OF PRESENTATION

The Clinic's net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Clinic. Generally, the donors of these assets permit all or part of the income earned on related investments be used for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed are reported as net assets released from restrictions.

DEPRECIABLE ASSETS

Depreciable assets are recorded at cost or, in the case of donated assets, fair market value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. The Organization generally capitalizes assets with cost of $2,500 or more as purchases occur.

HELPING HANDS CLINIC, INC.

Morristown, Tennessee

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Helping Hands Clinic, Inc. considers all highly liquid investments of six months or less to be cash equivalents.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

INCOME TAXES

The Clinic is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Clinic has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509 (a) of the Code.

NOTE B – PROPERTY AND EQUIPMENT

Major classifications of depreciable assets and their respective depreciable lives are as follows:

		Lives
Furniture and Fixtures	$7,304	5-7 yrs
Less: Accumulated Depreciation	7,304	
Net Property and Equipment	$ -0-	

NOTE C – CONCENTRATIONS

GEOGRAPHICAL

The geographical area in which this organization operates is Hamblen County, Tennessee.

NOTE D – COMMITMENTS AND CONTINGENCIES

LITIGATION

The Clinic is unaware of any litigation, claims or assessments that are required to be disclosed in the financial statements. Management evaluated subsequent events through July 20, 2021, the date the financial statements were available to be issued. There were no subsequent events which would require recording or disclosure in the financial statements for this year end.

FUNDING

The Clinic receives a substantial amount of support from various contributors for operations. An operating grant from the State of Tennessee based on patients served provided funds of $82,215 for the current year. A major reduction of funds by contributors, should this occur, may have a significant effect on future operations.

Helping Hands Clinic
Budget for the Year 2022

	2022
Income	
City of Morristown	$ 7,125
Gifts	16,000
Hamblen County	10,000
Interest Income	175
Medical Records Copy Fees	1,500
Safety Net Grant	62,000
United Way	9,850
Total Income	106,650
Expenses	
Salaries & Benefits	82,107
Supplies - Business	2,100
Supplies - Medical	425
Audit Fees	1,350
Insurance Expense	2,025
Transcription Expense	7,000
Dues & Subscriptions	6,465
Utilities	4,950
Repairs & Maintenance	50
Miscellaneous Expense	50
Total Expenses	106,522
Net Income	$ 128

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 14 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Lakeway Achievement Center, Inc.
Bonnie Guthrie, Executive Director
320 Industrial Avenue
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget. att.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $3,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service

Date: May 17, 2006

LAKEWAY CENTER OF THE
HANDICAPPED INC
320 INDUSTRIAL AVE
MORRISTOWN TN 37813-1106 208

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
John Kennedy ID 31-07927
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
62-1059541

Dear Sir or Madam:

This is in response to your request of May 17, 2006, regarding your organization's tax-exempt status.

In December 1979 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST

COMBINED
FINANCIAL STATEMENTS

June 30, 2020

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
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LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF OFFICERS AND DIRECTORS
JUNE 30, 2020

NAME	TITLE	TERM EXPIRES
Mike Minnich	Chairperson	2023
Jimmy Davis	Vice-Chairperson	2021
Brian Steisslinger	Treasurer	2022
Patsy Wright	Secretary	2021
Bonnie Guthrie	Executive Director	
Vicki Hughes	Accountant	

David M. Ellis
Certified Public Accountant
Member, American Institute of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lakeway Achievement Center, Inc. and LCH Benefit Trust

Report on the Financial Statements

I have audited the accompanying combined financial statements of Lakeway Achievement Center, Inc. and LCH Benefit Trust (nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 Auditing 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Lakeway Achievement Center, Inc. and LCH Benefit Trust as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

The schedule of officers and directors is presented for purposes of additional analysis and is not a required part of the combined financial statements. The schedule of officers and directors has not been subjected to the auditing procedures applied to the audit of the basic combined financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 8, 2021, on my consideration of Lakeway Achievement Center, Inc. and LCH Benefit Trust'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 Lakeway Achievement Center, Inc. and LCH Benefit Trust'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 Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting and compliance.

David M Ellis

David M. Ellis, CPA
Greeneville, Tennessee
May 8, 2021

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current Assets	
Cash and cash equivalents	$ 2,991,845
Investments	1,049,855
Accounts receivable	1,142,686
Prepaid expenses	21,019
Inventory	1,354
Total Current Assets	5,206,759
Property and Equipment	6,343,816
Less: Accumulated depreciation	(2,253,451)
Net Capital Assets	4,090,365
Other Assets	
Utility deposits	2,113
Total Other Assets	2,113
Total Assets	$ 9,299,237

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 40,515
Payroll tax payable	782
Accrued payroll	334,378
Other accrued expenses	27,711
Current portion of capital lease	23,146
SBA PPP-Cross River Bank	1,526,784
Total Current Liabilities	1,953,316
Long-Term Liabilities	
Noncurrent portion of capital lease	29,264
Total Long-Term Liabilities	29,264
Total Liabilities	1,982,580
Net Assets	
Without donor restrictions	7,145,849
With donor restrictions	170,808
Total Net Assets	7,316,657
Total Liabilities and Net Assets	$ 9,299,237

The accompanying combined notes to the financial statements are an integral part of this statement.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenue, Support, and Other Gains	
State of Tennessee-Department of Intellectual & Developmental Disabilities (DIDD)/TennCare	$ 11,131,210
Housing	151,412
United Way	1,004
County contributions	3,000
Donations	458,030
Fund raising	50
Interest	35,485
Gain/(Loss) on disposal of assets	-
Group Home income	49,210
Transportation	-
School Contract	3,848
Unrealized gain/(loss) on investments	38,939
Other	250
Total Revenue, Support, and Other Gains without Donor Restrictions	11,872,438
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	6,375
TOTAL REVENUE, SUPPORT, AND OTHER GAINS WITHOUT DONOR RESTRICTIONS	11,878,813
Expenses	
Program Services	
Lakeway Achievement Center	9,570,494
LCH Benefit Trust	69,929
Supporting Services	
Management and general	1,630,756
Total Expenses	11,271,179
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	607,634
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Net assets released from restrictions	(6,375)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(6,375)
INCREASE IN NET ASSETS	601,259
NET ASSETS AT BEGINNING OF YEAR	6,715,398
NET ASSETS AT END OF YEAR	$ 7,316,657

The accompanying combined notes to the financial statements are an integral part of this statement.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services				Supporting Services	
	Lakeway Adult Activity Center	Medicaid Waiver Group Home	Total Program Services	LCH Benefit Trust	Management and General	Totals
Personnel services	$ 526,109	$ 6,012,679	$ 6,538,788	$ -	$ 977,060	$ 7,515,848
Payroll taxes	42,404	484,614	527,018	-	78,750	605,768
Fringe benefits	41,007	468,650	509,657	-	76,156	585,813
Total Personnel Cost	609,520	6,965,943	7,575,463	-	1,131,966	8,707,429
Bank fees	-	-	-	-	101	101
Contract adjustments	-	-	-	-	-	-
Contracted services	41,886	41,886	83,772	-	-	83,772
Depreciation	-	-	-	68,129	262,983	331,112
Contributions/Transfers	458,030	-	458,030	-	-	458,030
Dues and licenses	-	-	-	-	18,905	18,905
Fundraiser	-	-	-	-	-	-
Housing	-	25,909	25,909	-	-	25,909
Insurance	37,049	129,671	166,720	-	18,524	185,244
Interest	-	-	-	-	-	-
Maintenance	34,160	128,506	162,666	-	-	162,666
Miscellaneous	181	1,023	1,204	-	-	1,204
Nursing services	-	611,993	611,993	-	-	611,993
Office supplies	3,434	24,041	27,475	-	6,869	34,344
Other employee	15,753	55,135	70,888	-	7,876	78,764
Other rentals	-	93,434	93,434	-	-	93,434
Other supplies	15,502	54,257	69,759	-	7,751	77,510
Petroleum products	14,795	22,192	36,987	-	-	36,987
Postage and shipping	-	-	-	-	3,477	3,477
Professional services	-	-	-	1,800	71,996	73,796
Service recipient costs	156,096	-	156,096	-	-	156,096
Telephone and paging	-	-	-	-	32,459	32,459
Travel	-	1,019	1,019	-	-	1,019
Utilities	9,693	19,386	29,079	-	67,849	96,928
	$ 1,396,099	$ 8,174,395	$ 9,570,494	$ 69,929	$ 1,630,756	$ 11,271,179

The accompanying combined notes to the financial statements are an integral part of this statement.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ 601,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	331,112
(Gain)/Loss on disposal of assets	-
(Increase) decrease in operating assets:	
Accounts receivable	263,908
Prepaid expenses	(11,354)
Inventory	-
Utility deposits	-
Increase (decrease) in operating liabilities:	
Accounts payable	(1,905)
Accrued payroll	45,203
Payroll tax payable	(74,262)
Other current liability	8,380
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,162,341
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment activity	36,062
Proceeds from sale of equipment	-
Payments for property and equipment additions	(387,996)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(351,934)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital lease proceeds	-
Capital lease payments	(24,340)
PPP loan proceeds-current	1,526,784
Equity transfer	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,502,444
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,312,851
BEGINNING CASH AND CASH EQUIVALENTS	678,994
ENDING CASH AND CASH EQUIVALENTS	$ 2,991,845
SUPPLEMENTAL DISCLOSURES	
Interest paid	$ -

The accompanying combined notes to the financial statements are an integral part of this statement.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lakeway Achievement Center, Inc. (the Agency) is a nonprofit Tennessee corporation, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The purpose of LAC is to provide habilitation services for handicapped persons. The books of the Agency are maintained in separate funds for each program service which is comprised of the following:

- Lakeway Adult Activity Center contains the activities for the adult day care services for developmentally disabled adults.
- Residential homes provide community based residential services for developmentally disabled adults.
- Medicaid Waiver – Group Homes – provides supported living services for high-need disabled adults.

LCH Benefit Trust (LCH) is a nonprofit Tennessee corporation, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

- LCH Benefit Trust receives rents and other funds given in trust to the Agency to support all activities for the Agency.

Basis of Presentation

The financial statement presentation follows generally accepted accounting principles. The Agency reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions. In addition, the Agency is required to present a statement of cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The entity has a policy of requiring pledged collateral from the financial institution for any securities acquired in repurchase agreements.

Property and Equipment

The Agency capitalizes property and equipment over $1,000. In addition, all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are also capitalized. Repairs that neither substantially lengthen the life of an asset nor add to its value are expensed as incurred. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to forty years for buildings and improvements.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Taxes

The Agency is a tax-exempt organization under Section 501(c)(3) of the 1986 Internal Revenue Code, and no provision for income taxes is made in these financial statements. The Agency is not considered a private foundation.

Internal Revenue Service Forms 990 filed by Lakeway Achievement Center, Inc. and LCH Benefit Trust are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the agency are no longer subject to examination for the fiscal years ended June 30, 2016 and prior.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Bad Debts

The Agency uses the direct write-off method of accounting for bad debts, which is not materially different from the reserve method.

Compensated Absences

Agency policy allows for the following:

Annual leave – Employees with less than five years of service receive five and a half hours of leave per month after working one hundred and sixty hours. Employees with more than five years and less than ten years of service receive seven and a half hours of leave per month. Employees with more than ten years of service receive ten hours of leave per month. Employees with less than five years of service can carry over a maximum of fourteen days of leave from year to year. Employees with more than five and less than fifteen years of service can carry over a maximum of twenty days of leave from year to year. Employees with more than fifteen years of service can carry over a maximum of twenty six days of leave from year to year. The liability for accrued annual leave was $116,332 at June 30, 2020.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Building and Land for Program Services	$170,808

For additional information, see Note 11, Contingencies.

NOTE 3 – LAND, BUILDING, EQUIPMENT, AND DEPRECIATION

Property and equipment and the related accumulated depreciation consist of the following:

	Cost	Accumulated Depreciation
Land	$ 386,903	$ -
Buildings & Improvements	3,687,528	(982,249)
Vehicles	1,265,566	(963,575)
Furniture & Fixtures	164,570	(160,318)
Software System	839,249	(147,309)
	$ 6,343,816	$ (2,253,451)

The Agency capitalizes acquisitions with a cost or estimated market value in excess of $1,000. Depreciation expense for the year ended June 30, 2020 was $262,983.

NOTE 4 – INVESTMENTS

At June 30, 2020, LCH Benefit Trust held investments consisting of 35% money market funds and 65% fixed income funds. All investments are stated at fair market value.

NOTE 5 – RETIREMENT

The Agency has established a defined contribution retirement plan. Each participant has his or her own account. The Agency contributes an amount annually to the plan based on Board approval.

The Agency incurred $50,954 of expenses associated with this plan during the fiscal year.

NOTE 6 – CAPITAL LEASE

The Agency has entered into various van leases with The University of Tennessee (lessor). The purpose of these leases was to provide vanpool vehicles available for interested parties providing vanpool services for commuters in the State of Tennessee.

Future minimum lease payments for the Agency under these capital leases as of June 30, 2020 for the next three years and in the aggregate are as follows:

Year	Lease Payments
2021	23,146
2022	18,600
2023	10,664
	52,410
Less: Current Portion	23,146
Long-Term Capital Lease Obligation	$ 29,264

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Agency maintains its bank accounts at HomeTrust Bank. Accounts at the institution are insured by the FDIC up to $250,000. For funds that have been swept from checking under a repurchase agreement, the Agency purchases a portion of Federal Home Loan Bank, FNM, and GNM bonds, which are backed by the full faith and credit of the United States. At June 30, 2020, the sweep repurchase was collateralized by five such bonds with maturity dates ranging from August 1, 2020 to April 16, 2041.

LCH maintains a money market account and certificates of deposit at Hilliard Lyons. Cash and securities are insured by either the Securities Investor Protection Corporation up to $500,000 or the FDIC up to $250,000 depending on the type of security. At year end, the current value of each asset at Hilliard Lyons was fully insured.

In the normal course of doing business the Agency typically has significant accounts receivable. Accounts receivable from the State of Tennessee Department of Intellectual and Developmental Disabilities (DIDD) represent approximately 99% of the accounts receivable balance.

NOTE 8 – THIRD-PARTY REIMBURSEMENT ARRANGEMENTS

The Agency provides service to clients under the Medicaid Waiver Program, whereby allowable costs are billed to the funding source subsequent to performance. Operating as a paid service provider, the Agency derives a substantial portion of its support in this manner.

NOTE 9 – ECONOMIC DEPENDENCY

The Agency receives approximately 99% of its support and revenue dollars from DIDDs and TennCare. Without this ongoing funding, the Agency would not likely be able to continue operating at its current functional level.

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following reflects the Agency's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial assets at year-end:	
Cash	$ 2,991,845
Investments	1,049,855
Accounts receivable	1,142,686
Total financial assets	5,184,386
Less amounts not available to be used within one year:	
Net assets subject to restrictions	(170,808)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,013,578

NOTE 11 – CONTINGENCIES

The Agency occupies and uses for its program services a building originally provided by the State of Tennessee. In return for a $1 per year lease payment, the Agency may use the building for program services. The Agency may not dispose of it, and in the event it is no longer needed for its intended purpose, possession will revert to the State. The building was recorded by the Agency as a fixed asset June 23, 2003 when it was transferred. The current book value of the transferred property is presented as a net asset with donor restrictions of $170,808. Improvements have been made to this property over the years and carry a current book value of $645,043.

LCH owns a house that was partially funded by support from THDA. That support is secured by a lien against the property that expires forty years from its inception. Should LCH sell the house, a pro-rata portion of the original grant will have to be repaid.

NOTE 12 – UNCERTAIN TAX POSITIONS

The Agency follows the FASB *Accounting Standards Codification* which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. As of June 30, 2020, the Agency had no uncertain tax positions that qualify for either recognition or disclosure in the Agency's financial statements.

NOTE 13 – ADOPTION OF NEW ACCOUNTING STANDARD

During the fiscal year ending June 30, 2020, the Agency adopted FASB's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. The adoption of this ASU did not materially impact the financial statements and related disclosures.

NOTE 14 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on program participants, employee, and vendors, all of which are uncertain and cannot be predicted. In order to assist in the mitigation of potential negative impact on operational and financial performance, the Organization applied for and has received financing from the Small Business Administration (the "SBA") totaling $1,526,784 through the Paycheck Protection Program ("Program"). Under the Program, the loan is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. As of the date of this report, management has utilized the loan proceeds for purposes that qualified the loan for forgiveness under the Program. While expected to be temporary, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Organization's results of future operations, financial position, and liquidity in the year ending June 30, 2020.

As anticipated, the Organization qualified for full loan forgiveness and received forgiveness by the Small Business Administration in December 2020.

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through May 8, 2021, the date the financial statements were issued.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Lakeway Achievement Center	LCH Benefit Trust	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 2,428,765	$ 563,080	$ 2,991,845
Investments	-	1,049,855	1,049,855
Accounts receivable	1,142,686	-	1,142,686
Prepaid expenses	21,019	-	21,019
Inventory	1,354	-	1,354
Total Current Assets	3,593,824	1,612,935	5,206,759
Property and Equipment			
Land	25,000	361,903	386,903
Building/leasehold improvements	1,777,197	1,910,331	3,687,528
Furniture and equipment	164,570	-	164,570
Vehicles	1,265,566	-	1,265,566
Software system	839,249	-	839,249
Less: Accumulated depreciation	(1,925,059)	(328,392)	(2,253,451)
Net Capital Assets	2,146,523	1,943,842	4,090,365
Other Assets			
Utility deposits	2,113	-	2,113
Total Other Assets	2,113	-	2,113
Total Assets	$ 5,742,460	$ 3,556,777	$ 9,299,237

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Lakeway Achievement Center	LCH Benefit Trust	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 40,515	$ -	$ 40,515
Payroll tax payable	782	-	782
Accrued payroll	334,378	-	334,378
Other accrued expenses	25,911	1,800	27,711
Current portion of capital lease	23,146	-	23,146
SBA PPP-Cross River Bank	1,526,784		1,526,784
Total Current Liabilities	1,951,516	1,800	1,953,316
Long-Term Liabilities			
Noncurrent portion of capital lease	29,264	-	29,264
Total Long-Term Liabilities	29,264	-	29,264
Total Liabilities	1,980,780	1,800	1,982,580
Net Assets			
Without donor restrictions	3,590,872	3,554,977	7,145,849
With donor restrictions	170,808	-	170,808
Total Net Assets	3,761,680	3,554,977	7,316,657
Total Liabilities and Net Assets	$ 5,742,460	$ 3,556,777	$ 9,299,237

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Lakeway Achievement Center	LCH Benefit Trust	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenue, Support, and Other Gains			
State of Tennessee-Department of Intellectual & Developmental Disabilities (DIDD)/TennCare	$11,131,210	$ -	$11,131,210
Housing	15,007	136,405	151,412
United Way	1,004	-	1,004
County contributions	3,000	-	3,000
Donations	-	458,030	458,030
Fund raising	50	-	50
Interest	5,431	30,054	35,485
Gain/(Loss) on disposal of assets	-	-	-
Group Home income	49,210	-	49,210
Transportation	-	-	-
School Contract	3,848	-	3,848
Unrealized gain/(loss) on investments	-	38,939	38,939
Other	250	-	250
Total Revenue, Support, and Other Gains without Donor Restrictions	11,209,010	663,428	11,872,438
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	6,375	-	6,375
TOTAL REVENUE, SUPPORT, AND OTHER GAINS WITHOUT DONOR RESTRICTIONS	11,215,385	663,428	11,878,813
Expenses			
Program Services			
Lakeway Achievement Center	9,570,494	-	9,570,494
LCH Benefit Trust	-	69,929	69,929
Supporting Services			
Management and general	1,630,756	-	1,630,756
Total Expenses	11,201,250	69,929	11,271,179
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	14,135	593,499	607,634
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS			
Net assets released from restrictions	(6,375)	-	(6,375)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(6,375)	-	(6,375)
INCREASE IN NET ASSETS	7,760	593,499	601,259
NET ASSETS AT BEGINNING OF YEAR	3,753,920	2,961,478	6,715,398
NET ASSETS AT END OF YEAR	$ 3,761,680	$ 3,554,977	$ 7,316,657

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	Lakeway Achievement Center	LCH Benefit Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (Decrease) in Net Assets	$ 7,760	$ 593,499	$ 601,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	262,983	68,129	331,112
(Gain)/Loss on disposal of assets	-	-	-
(Increase) decrease in operating assets:			
Accounts receivable	263,908	-	263,908
Prepaid expenses	(11,354)	-	(11,354)
Inventory	-	-	-
Utility deposits	-	-	-
Increase (decrease) in operating liabilities:			
Accounts payable	(1,905)	-	(1,905)
Accrued payroll	45,203	-	45,203
Payroll tax payable	(74,262)	-	(74,262)
Other current accruals	8,380	-	8,380
NET CASH FLOWS FROM OPERATING ACTIVITIES	500,713	661,628	1,162,341
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment activity	-	36,062	36,062
Proceeds from sale of equipment	-	-	-
Payments for property and equipment additions	(182,212)	(205,784)	(387,996)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(182,212)	(169,722)	(351,934)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital lease proceeds	-	-	-
Capital lease payments	(24,340)	-	(24,340)
PPP loan proceeds-current	1,526,784	-	1,526,784
Equity transfer	-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,502,444	-	1,502,444
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,820,945	491,906	2,312,851
BEGINNING CASH AND CASH EQUIVALENTS	607,820	71,174	678,994
ENDING CASH AND CASH EQUIVALENTS	$ 2,428,765	$ 563,080	$2,991,845
SUPPLEMENTAL DISCLOSURES			
Interest paid	$ -	$ -	$ -

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
Federal Awards			
TOTAL FEDERAL AWARDS			$ -
State Financial Assistance			
Tennessee Department of Intellectual and Developmental Disabilities	N/A	N/A	11,131,210
TOTAL STATE AWARDS			11,131,210
TOTAL FEDERAL & STATE AWARDS			$ 11,131,210

Basis of Presentation:

Note 1: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Lakeway Achievements Center, Inc. and LCH Benefit Trust under programs of the federal and state governments for the year ended June 30, 2020. The schedule is presented using the accrual basis of accounting. All of the financial assistance was received by Lakeway Achievement Center, Inc.

David M. Ellis
Certified Public Accountant
Member, American Institute of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

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 of
Lakeway Achievement Center, Inc. and LCH Benefit Trust

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 combined financial statements of Lakeway Achievement Center, Inc. and LCH Benefit Trust (nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued my report thereon dated May 8, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the combined financial statements, I considered Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control. Accordingly, I do not express an opinion on the effectiveness of Lakeway Achievement Center, Inc. and LCH Benefit Trust'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.

Leighton House · 132 Depot Street West · Greeneville, Tennessee 37743
(423) 787-0855 · Fax (423) 639-0124

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeway Achievement Center, Inc. and LCH Benefit Trust's combined financial statements are free from material misstatement, I performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David M Ellis

David M. Ellis, CPA
Greeneville, Tennessee
May 8, 2021

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2020

Financial Statement Findings

There were no prior year or current year findings.

LCH C BINED
MONTHLY PROFIT & LOSS BUDGET July2017 to June 2018

Budget 2021-2022

	JUL BUDGET	AUG BUD	SEPT BUDGET	OCT BUDGET	NOV BUDGET	DEC BUDGET	JAN BUDGET	FEB BUDGET
DONATIONS	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
HAMBLEN COUNTY	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
MEDICAID WAIVER	1,040,000.00	1,040,000.00	1,030,000.00	1,040,000.00	1,030,000.00	1,040,000.00	1,040,000.00	900,000.00
MISC. INCOME	110.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
GROUP HOME INCOME	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
SECTION 8 HOUSING INCOME	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
TRANSPORTATION								
UNITED WAY HAMBLEN CO	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
SCHOOL								
	1,045,460.00	1,045,530.00	1,035,530.00	1,045,530.00	1,035,530.00	1,045,530.00	1,045,530.00	905,530.00
	1,045,460.00	1,045,530.00	1,035,530.00	1,045,530.00	1,035,530.00	1,045,530.00	1,045,530.00	905,530.00
Expense								
ADMINISTRATIVE - DAY	110,000.00	110,000.00	130,000.00	110,000.00	110,000.00	110,000.00	110,000.00	110,000.00
BANK FEES	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
BANK PROCESSING FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bereavement	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
CLIENT LOSSES	600.00	600.00	600.00	600.00	600.00	300.00	600.00	600.00
CLIENT EXPENSES	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
CONTRACTED SERVICES	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
DEPRECIATION	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	10,000.00	15,000.00	15,000.00
DUES AND SUBSCRIPTIONS	0.00	8,800.00	0.00	0.00	300.00	0.00	0.00	0.00
EMPLOYEE EXPENSES	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
EQUIPMENT LEASE	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
FICA - LAC	58,000.00	58,000.00	58,000.00	58,000.00	58,000.00	58,000.00	58,000.00	58,000.00
FOOD								
FOOD SUPPLIES								
FUNDRAISING EXPENSE	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
GROUP HOME EXPENSES	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
HEALTH INS - LAC	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00
INS, BLDG, LIABILITY	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
LICENSURE	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
MAINTENANCE - LAC	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
MAINTENANCE -RESIDENTIAL	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00

LCH C BINED

MONTHLY PROFIT & LOSS BUDGET July2017 to June 2018

Budget 2021-2022	JUL BUDGET	AUG BUD	SEPT BUDGET	OCT BUDGET	NOV BUDGET	DEC BUDGET	JAN BUDGET	FEB BUDGET
MEDWAIVER NURSING EXPENSES	60,000.00	60,000.00	75,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00
MISCELLANEOUS	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
NURSING SUPPLIES	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
OFFICE SUPPLIES	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
PAYROLL SALARIES	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00
PETROLEUM PRODUCTS	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
POSTAGE	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
PROFESSIONAL SERVICES	16,400.00	16,400.00	16,400.00	16,400.00	16,400.00	16,400.00	16,400.00	16,400.00
RENTALS	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
RETIREMENT	5,600.00	5,600.00	5,600.00	5,600.00	5,600.00	5,600.00	5,600.00	5,600.00
SALARIES	540,000.00	540,000.00	620,000.00	540,000.00	540,000.00	540,000.00	540,000.00	520,000.00
SECTION 8 RENT EXPENSE								
STAFF DEVELOPMENT	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
STAFF HIRING EXPENSES	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
STAFF INCENTIVE	5,000.00	5,000.00	5,000.00	5,000.00	45,000.00	45,000.00	5,000.00	5,000.00
SUPPLIES	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
TELEPHONE	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00
TRAVEL	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
UNEMPLOYMENT TAX	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
UTILITIES	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
WORK. COMP. - LAC	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
WORKSHOP SUPPLIES								
	974,100.00	982,900.00	1,089,100.00	974,100.00	1,014,400.00	1,008,800.00	974,100.00	954,100.00
	71,360.00	62,630.00	-53,570.00	71,430.00	21,130.00	36,730.00	71,430.00	-48,570.00
Net Income	**71,360.00**	**62,630.00**	**-53,570.00**	**71,430.00**	**21,130.00**	**36,730.00**	**71,430.00**	**-48,570.00**

LCH C BINED
MONTHLY PROFIT & LOSS BUDGET July2017 to June 2018

Budget 2021-2022	MAR BUDGET	APRIL BUDGET	MAY BUDGET	JUNE BUDGET	Budget
DONATIONS	200.00	200.00	12,000.00	250.00	14,250.00
HAMBLEN COUNTY	250.00	250.00	250.00	250.00	3,000.00
MEDICAID WAIVER	1,030,000.00	1,030,000.00	1,040,000.00	1,030,000.00	12,290,000.00
MISC. INCOME	180.00	180.00	180.00	180.00	2,090.00
GROUP HOME INCOME	3,600.00	3,600.00	3,600.00	3,600.00	43,200.00
SECTION 8 HOUSING INCOME	1,200.00	1,200.00	1,200.00	1,200.00	16,800.00
TRANSPORTATION					-
UNITED WAY HAMBLEN CO	100.00	100.00	100.00	100.00	1,200.00
SCHOOL					-
	1,035,530.00	1,035,530.00	1,057,330.00	1,035,580.00	12,370,540.00
	1,035,530.00	1,035,530.00	1,057,330.00	1,035,580.00	12,370,540.00
Expense					-
ADMINISTRATIVE - DAY	130,000.00	110,000.00	110,000.00	110,000.00	1,360,000.00
BANK FEES	50.00	50.00	50.00	50.00	600.00
BANK PROCESSING FEES	0.00	0.00	0.00	0.00	-
Bereavement	300.00	300.00	300.00	300.00	3,600.00
CLIENT LOSSES	600.00	600.00	600.00	600.00	6,900.00
CLIENT EXPENSES	15,000.00	15,000.00	15,000.00	15,000.00	180,000.00
CONTRACTED SERVICES	7,000.00	7,000.00	7,000.00	7,000.00	84,000.00
DEPRECIATION	15,000.00	15,000.00	15,000.00	15,000.00	175,000.00
DUES AND SUBSCRIPTIONS	0.00	300.00	0.00	0.00	9,400.00
EMPLOYEE EXPENSES	3,000.00	3,000.00	3,000.00	3,000.00	36,000.00
EQUIPMENT LEASE	1,800.00	1,800.00	1,800.00	1,800.00	21,600.00
FICA - LAC	58,000.00	58,000.00	58,000.00	58,000.00	696,000.00
FOOD					-
FOOD SUPPLIES					-
FUNDRAISING EXPENSE	200.00	200.00	200.00	200.00	2,400.00
GROUP HOME EXPENSES	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
HEALTH INS - LAC	55,000.00	55,000.00	55,000.00	55,000.00	660,000.00
INS, BLDG, LIABILITY	8,000.00	8,000.00	8,000.00	8,000.00	96,000.00
LICENSURE	400.00	400.00	400.00	400.00	4,800.00
MAINTENANCE - LAC	10,000.00	10,000.00	10,000.00	10,000.00	120,000.00
MAINTENANCE -RESIDENTIAL	10,000.00	10,000.00	10,000.00	10,000.00	120,000.00

LCH C BINED
MONTHLY PROFIT & LOSS BUDGET July2017 to June 2018

Budget 2021-2022	MAR BUDGET	APRIL BUDGET	MAY BUDGET	JUNE BUDGET	Budget
MEDWAIVER NURSING EXPENSES	75,000.00	60,000.00	60,000.00	60,000.00	750,000.00
MISCELLANEOUS	200.00	200.00	200.00	200.00	2,400.00
NURSING SUPPLIES	250.00	250.00	250.00	250.00	3,000.00
OFFICE SUPPLIES	1,500.00	1,500.00	1,500.00	1,500.00	18,000.00
PAYROLL SALARIES	8,400.00	8,400.00	8,400.00	8,400.00	100,800.00
PETROLEUM PRODUCTS	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00
POSTAGE	200.00	200.00	200.00	200.00	2,400.00
PROFESSIONAL SERVICES	16,400.00	16,400.00	16,400.00	16,400.00	196,800.00
RENTALS	6,000.00	6,000.00	6,000.00	6,000.00	72,000.00
RETIREMENT	5,600.00	5,600.00	5,600.00	5,600.00	67,200.00
SALARIES	620,000.00	540,000.00	540,000.00	540,000.00	6,620,000.00
SECTION 8 RENT EXPENSE	5.00				5.00
STAFF DEVELOPMENT	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
STAFF HIRING EXPENSES	3,500.00	3,500.00	3,500.00	3,500.00	42,000.00
STAFF INCENTIVE	5,000.00	5,000.00	5,000.00	5,000.00	140,000.00
SUPPLIES	4,000.00	4,000.00	4,000.00	4,000.00	48,000.00
TELEPHONE	2,100.00	2,100.00	2,100.00	2,100.00	25,200.00
TRAVEL	400.00	400.00	400.00	400.00	4,800.00
UNEMPLOYMENT TAX	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
UTILITIES	8,000.00	8,000.00	8,000.00	8,000.00	96,000.00
WORK. COMP. - LAC	750.00	7,500.00	7,500.00	7,500.00	83,250.00
WORKSHOP SUPPLIES					
	1,082,355.00	974,400.00	974,100.00	974,100.00	11,976,555.00
	-46,825.00	61,130.00	83,230.00	61,480.00	393,985.00
Net Income	**-46,825.00**	**61,130.00**	**83,230.00**	**61,480.00**	**393,985.00**

TENNESSEE
Hamblen County
SERVICE · COMMUNITY · INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 07 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Senior Citizens Home Assistance Services (S.C.H.A.S.)
Jessica Popek
PO Box 3025
Knoxville, TN 37927

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $5,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248464840
Feb. 12, 2009 LTR 4168C E0
62-0809589 000000 00 000
00014753
BODC: TE

SENIOR CITIZENS HOME ASSISTANCE
SERVICE INC
PO BOX 3025
KNOXVILLE TN 37927-3025

5744

Employer Identification Number: 62-0809589
Person to Contact: Mrs. Dudley
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Feb. 03, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in May 1972, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

SENIOR CITIZENS HOME ASSISTANCE SERVICE, INC. AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

LBMC MAKE A GOOD BUSINESS BETTER

LBMC MAKE A GOOD BUSINESS BETTER

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Senior Citizens Home Assistance Service, Inc. and Subsidiaries:

We have audited the accompanying consolidated financial statements of Senior Citizens Home Assistance Service, Inc. and Subsidiaries (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SENIOR CITIZENS HOME ASSISTANCE SERVICE, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

June 30, 2021 and 2020

Assets

	2021	2020
Current assets:		
Cash and cash equivalents	$ 728,969	$ 768,061
Accounts receivable, net of allowance for uncollectible accounts of $2,235 as of June 30, 2020	454,896	445,795
Prepaid expenses and other current assets	20,422	13,279
Total current assets	1,204,287	1,227,135
Cash restricted to acquisition of property and equipment	6,140	7,537
Property and equipment, net	5,992,026	6,083,775
Endowment investments	194,366	152,246
Total assets	$ 7,396,819	$ 7,470,693

Liabilities and Net Assets

Current liabilities:		
Accounts payable	$ 122,219	$ 103,878
Accrued liabilities	604,368	517,820
Client deposits	72,337	43,732
Current installments of notes payable	81,322	438,423
Total current liabilities	880,246	1,103,853
Notes payable, excluding current installments and net of unamortized debt issuance costs of $45,537 and $51,893 as of 2021 and 2020, respectively	1,707,633	2,228,628
Total liabilities	2,587,879	3,332,481
Net assets:		
Without donor restrictions	4,608,434	3,978,429
With donor restrictions	200,506	159,783
Total net assets	4,808,940	4,138,212
Total liabilities and net assets	$ 7,396,819	$ 7,470,693

See accompanying notes to the consolidated financial statements.

SENIOR CITIZENS HOME ASSISTANCE SERVICE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 670,728	$ (238,892)
Adjustments to reconcile increases (decreases) in net assets to cash flows provided by operating activities:		
Depreciation	255,313	245,189
Provision for bad debts	11,706	1,970
Gain on disposal of automobile	(1,000)	-
Non-cash interest expense	6,357	14,906
Net unrealized gains on endowment investments	(40,043)	(6,792)
Paycheck Protection Program loan forgiveness	(807,700)	-
Realized gains on endowment investments, net	(1,735)	(1,958)
Changes in operating assets and liabilities:		
Accounts receivable	(20,807)	34,994
Prepaid expenses and other current assets	(7,143)	5,105
Accounts payable	18,341	(8,065)
Accrued liabilities	86,548	32,796
Client deposits	28,605	(19,060)
Deposits - housing reserves	-	7,655
Net cash provided by operating activities	199,170	67,848
Cash flows from investing activities:		
Proceeds from disposal of automobile	1,000	-
Purchases of property and equipment	(163,564)	(18,956)
Proceeds from endowment investments	6,938	5,598
Purchases of endowment investments	(7,280)	(19,308)
Net cash used by investing activities	(162,906)	(32,666)
Cash flows from financing activities:		
Borrowing from (repayments of) line of credit, net	-	(78,000)
Proceeds from Paycheck Protection Program loan	-	807,700
Principal payments of notes payable	(76,753)	(69,318)
Net cash (used) provided by financing activities	(76,753)	660,382
Increase (decrease) in cash	(40,489)	695,564
Cash, cash equivalents, and restricted cash at beginning of year	775,598	80,034
Cash, cash equivalents, and restricted cash at end of year	$ 735,109	$ 775,598
Supplemental disclosures:		
Cash paid for interest	$ 91,244	$ 82,280

See accompanying notes to the consolidated financial statements.

SENIOR CITIZENS HOME ASSISTANCE SERVICE, INC. AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

Year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries - office	$ 1,818,068	$ 321,773	$ 56,967	$ 2,196,808
Salaries - assistants	2,638,301	-	-	2,638,301
Salaries - training	15,688	-	-	15,688
Fringe benefits	267,067	20,376	-	287,443
Payroll taxes	342,615	33,405	-	376,020
Bad debts, net of recoveries	11,706	-	-	11,706
Computer	22,869	36,769	-	59,638
Depreciation	255,313	-	-	255,313
Dues and memberships	12,878	1,681	-	14,559
Employment screenings	29,024	-	-	29,024
Professional services	9,789	39,886	-	49,675
Insurance	214,171	-	-	214,171
Maintenance	86,571	8,222	-	94,793
Occupancy	249,075	71,827	-	320,902
Postage	3,358	2,272	-	5,630
Community education	45,537	-	-	45,537
Supplies	141,906	-	-	141,906
Telephone	33,391	7,087	-	40,478
Training	8,317	-	-	8,317
Transportation	60,393	193	-	60,586
Special events	-	-	36,836	36,836
Interest expense	102,100	-	-	102,100
Other	33,771	7,055	-	40,826
Assisted living food and supplies	209,557	-	-	209,557
Contract services	120,921	-	-	120,921
Total	$ 6,732,386	$ 550,546	$ 93,803	$ 7,376,735

See accompanying notes to the consolidated financial statements.

(1) Nature of operations

Senior Citizens Home Assistance Service, Inc. ("SCHAS"), a non-profit Tennessee corporation, was organized in 1970 through the efforts of the Knoxville Housing Authority and is licensed by the Tennessee Department of Mental Health and Developmental Disabilities.

SCHAS is located in Knoxville, Tennessee and is governed by a voluntary Board of Directors. Its primary mission is to provide trained home aides for the senior citizens of Anderson, Blount, Bradley, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, McMinn, Meigs, Monroe, Morgan, Polk, Roane, Scott, Sevier, and Union Counties in Tennessee.

SCHAS formed SCHAS, LLC, a single member Tennessee non-profit limited liability corporation in 2008. SCHAS, LLC manages Renaissance Terrace, which opened in December 2008. Renaissance Terrace is a 48 unit assisted living facility located in Knoxville, Tennessee. The operations of SCHAS, LLC are included in these consolidated financial statements.

SCHAS formed SCHAS Claiborne, LLC, a single member Tennessee non-profit limited liability corporation in May 2016. SCHAS Claiborne, LLC was established to acquire a 9 unit apartment independent living facility located in Tazewell, Tennessee. The property was acquired on April 25, 2017. The operations of SCHAS Claiborne, LLC are included in these consolidated financial statements.

(2) Summary of significant accounting policies

The consolidated financial statements of SCHAS and its subsidiaries (collectively, the "Organization") are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). The significant accounting policies followed are described below.

(a) Recently adopted accounting pronouncements

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). This ASU clarifies, among other things, how entities should present cash, cash equivalents, cash overdrafts, restricted cash and restricted cash equivalents in the statements of cash flows and requires the entities to show the changes in the total of cash, cash equivalents, cash overdrafts, restricted cash and restricted cash equivalents in the statements of cash flows. The Organization retrospectively adopted this ASU effective July 1, 2020, resulting in no significant impact on the Organization's financial statements and disclosures.

(e) Property and equipment

Property and equipment are recorded at cost, or in the case of donated property, at the estimated fair value at the date of receipt. Depreciation is provided over the assets' estimated useful lives using the straight-line method, generally three to thirty-nine years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When equipment is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(f) Income taxes

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements. SCHAS, LLC and SCHAS Claiborne, LLC are disregarded as entities for federal income tax purposes.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Organization has no material uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

As of June 30, 2021, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization files a U.S. Federal nonprofit tax return annually. The Organization is subject to routine audits by the Internal Revenue Service, but no audits are ongoing at this time.

(g) Revenue recognition

A contract with a client or the client's insurance provider is an agreement which both parties have approved (whether explicitly or implicitly), that creates enforceable rights and obligations, has commercial substance, where payment terms are identified and collectibility is probable. Once the Organization has entered into a contract, it is evaluated to identify performance obligations. The Organization recognizes revenue in the period in which it satisfies the performance obligations under the contract by transferring the promised services to clients in an amount that reflects the consideration the Organization expects to receive in exchange for providing client care. Revenue from services provided to the clients of SCHAS is recognized when the service is rendered. Monthly revenue from SCHAS, LLC and SCHAS Claiborne, LLC is billed monthly and recognized ratably for the daily services provided.

(k) Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order for them to conform to the 2021 presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

(l) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2021 and October 20, 2021, which is the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

(3) Liquidity

A summary of the Organization's financial assets as of June 30, 2021 and 2020 available to meet current obligations, reduced by amounts not available for general use because of donor-imposed restrictions, within one year of the statement of financial position date is as follows:

	2021	2020
Cash and cash equivalents	$ 735,109	$ 775,598
Various receivables	454,896	445,795
Endowment investments	194,366	152,246
Financial assets at end of year	1,384,371	1,373,639
Restricted by donors with purpose restrictions	(6,140)	(7,537)
Endowment investments	(194,366)	(152,246)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,183,865	$ 1,213,856

(4) Concentrations

The Organization occasionally maintains cash on deposit at banks in excess of federally insured amounts. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Approximately 58% and 59% of the Organization's client fees from government agencies for the years ended June 30, 2021 and 2020, respectively, were received through the State of Tennessee TennCare CHOICES in Long-term Care Program (formerly the Medicaid Waiver Program) ("CHOICES") as well as from the U.S Department of Veteran Affairs ("VA"). Accounts receivable from the CHOICES and VA programs were 28% and 27% of accounts receivable at June 30, 2021 and 2020, respectively.

The Organization has adopted the Tennessee Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization intends to permit the use of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as temporarily restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

(6) Property and equipment

A summary of property and equipment as of June 30, 2021 and 2020 is as follows:

	2021	2020
Land	$ 472,005	$ 472,005
Buildings and improvements	7,867,490	7,867,490
Furniture and equipment	840,002	842,646
Computer equipment	160,688	219,200
Automobiles	178,339	50,048
Office equipment	21,420	21,420
	9,539,944	9,472,809
Accumulated depreciation	(3,547,918)	(3,389,034)
	$ 5,992,026	$ 6,083,775

(7) Line of credit

The Organization has a $400,000 revolving line of credit with a bank that matures on February 2, 2022. The line of credit bears interest at the bank's current index rate, not less than 4.25% (4.25% at June 30, 2021). The line of credit is secured by Renaissance Terrace, assigned leases and rents, and Senior Citizens Home Assistance Service security agreement. The Organization did not have an outstanding balance under the line at June 30, 2021 and 2020.

(10) Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020 are available for the following purposes:

	2021	2020
Cash restricted for the new corporate offices and assisted living facility	$ 6,140	$ 7,537
Restricted endowment investments	194,366	152,246
	$ 200,506	$ 159,783

(11) Retirement plan

The Organization has a 401(k) plan covering substantially all employees. The Organization matches employee contributions up to 2% of their compensation, once the employee has completed one year of service with at least 1,000 hours of service. Benefits fully vest after 3 years of service. The Organization made contributions totaling $85,408 and $52,038 for the years ended June 30, 2021 and 2020, respectively.

Additionally, the Organization has a simplified employee pension plan that covers all employees who have worked at least 1,040 hours for the year. Contributions to the Plan were previously made at the rate of 5% of each eligible employee's compensation. Effective April 1, 2009, the Plan was amended to cease employer contributions for any participation after March 31, 2009.

(12) Lease commitments

The Organization leases office facilities in various locations. Rent expense under these leases amounted to $73,398 and $59,058 in 2021 and 2020, respectively. Substantially all leases are on a month to month basis; however, expected lease payments not under month to month terms are expected to be $7,200 for 2022.

A portion of the rent expense consists of donated use of facilities. The value of donated use of facilities meeting the requirements for recognition in the consolidated financial statements was $19,292 and $17,808 for years ended June 30, 2021 and 2020, respectively, and related primarily to rent and other occupancy expense.

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2021.

	Fair Value Measurements as of June 30, 2020 using the following inputs			
	Total	Level 1	Level 2	Level 3
Endowment investments:				
Equity mutual funds	$ 107,287	$ 107,287	$ -	$ -
Fixed income mutual funds	44,959	44,959	-	-
Total	$ 152,246	$ 152,246	$ -	$ -

(14) Donated facilities, services and supplies

The value of donated use of facilities meeting the requirements for recognition in the financial statements was $19,292 and $17,808 for the years ended June 30, 2021 and 2020, respectively, related primarily to rent and other occupancy expense.

Unpaid volunteers have donated their time to develop and staff certain of the Organization's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under GAAP.

(15) Contingent liabilities

The United States Department of Housing and Urban Development ("HUD") holds a mortgage note and deed of trust as evidence of its interest in the housing project developed by SCHAS, Claiborne, LLC. The mortgage note is $133,280. The note does not require repayment nor any interest if the housing project is made available to very low income elderly persons for a period of fifteen years. In the event of a default on the terms and conditions, the full balance would be due and payable to HUD on demand along with interest from inception of the loan at a rate to be determined by HUD.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LBMC, PC

Knoxville, Tennessee
October 20, 2021

SCHAS & RENAISSANCE TERRACE & CEDAR POINT LIVING
COMBINED INCOME STATEMENT
FY 2021-2022

	FY 2022 PROPOSED	FY 2021 PROJECTED ACTUAL	FY 2021 APPROVED
REVENUES FROM OPERATIONS			
Client Fees	$ 2,546,320	2,104,833	2,467,503
Contributions/Donations	30,000	35,552	22,896
Fundraising	212,129	106,834	164,345
Grants	407,436	1,583,890	89,472
Investment Income	26,760	43,874	35,888
Local Government	51,120	51,125	71,154
CHOICES	725,174	1,089,467	1,348,380
National Family/CREVA	456,804	359,670	406,296
Options for Community Living	1,098,396	1,049,571	1,086,396
Title III	66,028	54,919	50,679
United Way	228,828	239,585	246,923
VA / Misc	1,454,306	1,081,078	960,000
TOTAL REVENUE	7,303,301	7,800,398	6,949,932
EXPENSES FROM OPERATIONS			
Assistant Salaries	3,553,129	3,160,508	3,327,836
Office Salaries	1,440,462	1,541,191	1,491,895
FICA & Unemployment Expense	343,805	375,343	339,019
Health Insurance	129,864	111,566	97,032
Retirement - Life	75,600	91,809	77,580
Transportation	59,392	57,253	58,264
Workers Comp	116,858	85,015	83,700
Bad Debt Expense	1,302	1,235	1,302
Bank Charges	8,040	15,539	8,660
Client Supplies	18,642	250,988	18,642
Community Education	43,872	50,173	23,016
Computer Expense	37,871	42,018	34,907
Contract Labor	89,892	90,151	95,867
Depreciation	293,244	293,235	284,671
Drug Screening	11,470	17,192	14,842
Equipment Maintenance	127,084	118,710	136,232
Food Service Supplies	131,467	113442	104026
Fundraising Expense	62,635	36,167	71,019
General Insurance	113,868	126,158	111,995
Interest Expense	90,921	85,290	94,605
Memberships & Dues	5,384	6,323	4,684
Occupancy	304,279	298,876	304,279
Office Supplies	15,699	60,580	12,699
Police Checks	9,405	13,868	13,260
Postage	5,647	5,422	6,027
Professional Fees	56,198	72,600	63,587
Telephone	41,508	43,390	36,948
Other Expense	115,763	99,066	33,338
TOTAL EXPENSES	7,303,301	7,263,108	6,949,932
NET INCOME	$ 0	537,290	0

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 04 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Central Services
Ashley Hux, Executive Director
P.O. Box 1622
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $5,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Internal Revenue Service

Date: October 17, 2003

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Steve Brown 31-07422
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
62-0808245

Morristown Hamblen Central Services
314 N. Cumberland St
Morristown, TN 37814

Dear Sir or Madam:

This is in response to your request of October 17, 2003, regarding your organization's tax-exempt status.

In July 1971 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Morristown Hamblen Central Services
62-0808245

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing.
For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.

FINANCIAL STATEMENTS

Year ended December 31, 2020

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.

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Purkey, Carter, Compton, Swann & Carter, PLLC
Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Morristown-Hamblen Central Services, Inc.
Morristown, Tennessee

We have audited the accompanying financial statements of Morristown-Hamblen Central Services, Inc., a nonprofit organization, which comprise the statement of financial position as of December 31, 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.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morristown-Hamblen Central Services, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, Tennessee
August 30, 2021

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	
Cash - operations	$ 191,024
Cash - designated/restricted	69,925
Accounts receivable	15,050
Unconditional promises to give	314,122
Prepaid expense	8,361
Property and equipment, net	632,597
Cash - designated for LT capital improvements	105,662
TOTAL ASSETS	$ 1,336,741
LIABILITIES AND NET ASSETS	
LIABILITIES	
Payroll taxes payable	$ 29
Annual leave payable	11,226
TOTAL LIABILITIES	11,255
NET ASSETS	
Net assets without donor restrictions	
Designated by the board for building maintenance and special events	34,856
Designated by the board for long-term capital improvements	105,662
Undesignated	820,727
Total net assets without donor restrictions	961,245
Net assets with donor restrictions	364,241
TOTAL NET ASSETS	1,325,486
TOTAL LIABILITIES AND NET ASSETS	$ 1,336,741

See accompanying notes to financial statements.

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2020

REVENUE, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions			
United Way	$ 10,325	$ 279,072	$ 289,397
Foundations and grants	29,906	13,286	43,192
Local governments	15,000	-	15,000
Donations	294,266	69,520	363,786
Emergency Food and Shelter Program	16,474	-	16,474
Thrift shop sales	91,529	-	91,529
Building facility use	4,200	-	4,200
Silent auction sales	3,469	-	3,469
Interest income	184	-	184
Paycheck protection program income	59,212	-	59,212
In-kind revenue	30,000	-	30,000
Net assets released from restrictions			
Expiration of time restrictions - United Way	279,072	(279,072)	-
Expiration of time restrictions - Local Government	5,000	(5,000)	
Restrictions satisfied by payments	2,609	(2,609)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	841,246	75,197	916,443
EXPENSE			
Program services			
Community services	669,982	-	669,982
Supporting services			
Management and general	48,683	-	48,683
Fundraising	6,240	-	6,240
TOTAL EXPENSE	724,905	-	724,905
CHANGE IN NET ASSETS	116,341	75,197	191,538
NET ASSETS AT BEGINNING OF YEAR	844,904	289,044	1,133,948
NET ASSETS AT END OF YEAR	$ 961,245	$ 364,241	$1,325,486

See accompanying notes to financial statements.

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

	Program Services	Supporting Services		
	Community Services	Management and General	Fundraising	Total
Salaries	$ 226,350	$ 33,947	$ 4,976	$ 265,273
Employee benefits	19,032	2,854	418	22,304
Payroll taxes	17,337	2,600	381	20,318
Total salaries and related expenses	262,719	39,401	5,775	307,895
Utilities	37,045	756	-	37,801
Repairs and maintenance	9,801	200	-	10,001
Telephone	6,067	910	133	7,110
Training	-	260	-	260
Supplies	2,876	536	332	3,744
Professional fees	-	5,375	-	5,375
Insurance	15,177	310	-	15,487
Bank charges	35	4	-	39
Social services	62,196	-	-	62,196
Medical services	2,126	-	-	2,126
Holiday hope	103,789	-	-	103,789
Cost of goods sold - thrift shop	91,529	-	-	91,529
Emergency food pantry	30,979	-	-	30,979
Depreciation	45,643	931	-	46,574
TOTAL EXPENSE	$ 669,982	$ 48,683	$ 6,240	$ 724,905

See accompanying notes to financial statements.

MORRISTOWN-HAMBLEN CENTRAL SERVICES, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 191,538
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,574
Cash restricted for purchase of equipment	(4,679)
Increase in operating assets:	
Accounts receivable	(15,050)
Grants receivable	1,367
Unconditional promises to give	(30,050)
Prepaid expense	1,632
Increase in operating liabilities:	
Annual leave payable	978
Payroll taxes payable	11
NET CASH PROVIDED BY OPERATING ACTIVITIES	192,321
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash designated for purchase of equipment	4,679
Purchase of equipment	(23,525)
NET CASH USED IN INVESTING ACTIVITIES	(18,846)
NET INCREASE IN CASH AND RESTRICTED CASH	173,475
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	193,136
CASH AND RESTRICTED CASH AT END OF YEAR	$ 366,611

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Morristown-Hamblen Central Services, Inc. is a not-for-profit organization incorporated under the laws of the State of Tennessee in 1969. The Organization provides family support services to anyone living or working in Hamblen County, Tennessee through more than 20 different programs that provide financial assistance, crisis intervention counseling, employment training, and life skills education.

Basis of Accounting

The financial statements of Morristown-Hamblen Central Services, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentration of Credit Risk

The Organization's concentration of credit risk consists of promises to give. Concentration of credit risk with respect to promises to give is dependent on factors affecting the economy in which contributors live and work. Collateral is not required on these promises to give.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give, if necessary. The allowance is based on prior years' experience and management's analysis of the specific promises made.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. The capitalization threshold for property and equipment is $1,000 per unit.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2020.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total in the statement of cash flows as of December 31, 2020:

Operations	$ 191,024
Designated by board/restricted	69,925
Designated for long-term capital improvements	105,662
	$ 366,611

Contributed Services

During the year ended December 31, 2020, no contributed services met the requirements of ASC Topic 958 for recognition in the financial statements.

Advertising
The Organization expenses the cost of advertising as it is incurred. There were no advertising expenses for the year ended December 31, 2020.

Property Taxes
The Organization has been exempted from payment of city and county property taxes by the Tennessee State Board of Equalization.

Subsequent Events
The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY

Morristown-Hamblen Central Services, Inc. has $206,074 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of $191,024 and accounts receivable of $15,050. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

The Board of Directors of the Organization has designated funds for building repairs and long-term capital improvements in the amounts of $34,856 and $105,662, respectively; these amounts can be undesignated by the Board of Directors at its discretion to meet cash needs for general expenditures. It is the policy of the Board of Directors to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2020, consist of the following:

United Way	$ 279,072
Morristown Utility Systems – Operation Hope	35,050
	$ 314,122

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Differences between amounts promised and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts. All promises to give are due within one year.

NOTE D - PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on December 31, 2020, consisted of the following:

Land	$ 46,000
Buildings and renovations	857,031
Furnishings and equipment	216,397
Vehicles	103,442
Less: accumulated depreciation	(590,273)
Net property and equipment	$ 632,597

Depreciation expense for the year ended December 31, 2020, was $46,574.

NOTE E - ANNUAL LEAVE PAYABLE

The estimated value of annual leave accrued but not taken amounted to $11,226 at December 31, 2020, based on personnel policies effective October 2008. ASC Topic 710 *Compensation - General*, requires that certain accrued vacation, the effects of which are material to the financial statements, be recorded as earned.

NOTE F - FUNDING

Morristown-Hamblen Central Services, Inc. receives a substantial amount of support from United Way. A major reduction of funds by the grantor agency, should this occur, may have a significant effect on future operations.

NOTE G - IN-KIND REVENUE AND EXPENSE

In-kind revenue in the amount of $30,000 consists of 2,500 Bombas socks used for various programs and distribution to clients. The related expense is included in the Holiday Hope expense account on the Statement of Functional Expenses.

NOTE H - RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus Disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the Organization could be material.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following period or purposes:

Subject to purpose restrictions:	
Hamblen-Interagency Coalition program	$ 213
Jefferson Federal Charitable Foundation grant	2,322
Appalachian Grow grant	10,192
East Tennessee Foundation grant	2,922
Operation Hope	69,520
Subject to time restrictions:	
United Way funding for 2020	279,072
Total	$ 364,241

NOTE J - PAYCHECK PROTECTION PROGRAM LOAN

On April 28, 2020, the Organization was granted a loan from the Small Business Administration through First Horizon Bank, in the amount of $59,212, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. Subsequent to year end, this loan was forgiven by the Small Business Administration therefore, the funds have been recorded as income on the Statement of Activities.

NOTE K – ACCOUNTS RECEIVABLE

Accounts receivable of $15,050 at December 31, 2020, consists of amounts due for Operation Hope. No allowance for uncollectible accounts receivable was considered necessary.

Central Services Hamblen County		2022 Budget
Income		
United Way		$ 267,800.00
Thrift Store		$ 102,000.00
Other Income		$ 95,000.00
Facility Use		$ 4,500.00
Subtotal Income		$ 469,300.00
United Way Toy Program		$ 8,000.00
Holiday Hope Fund		$ 80,000.00
Holiday Cheer/Pre Teens		$ 2,000.00
EFSP Grant		$ 12,000.00
CDBG		$ 10,000.00
Subtotal Income		$ 112,000.00
Total Budget Income		$ 581,300.00
Expenditures		
Salaries/Benefits		
Salaries		$ 293,146.00
Retirement		$ 3,600.00
Bonus Pay		$ 9,300.00
Payroll Liabilities		$ 23,000.00
Group Insurance		$ 25,000.00
Subtotal		$ 354,046.00
Administrative Expense		
Office Supplies		$ 3,000.00
Postage		$ 200.00
Auditing Expense		$ 5,400.00
Registrations/Fees		$ 300.00
D&O Liability Insurance		$ 1,875.00
Workers Comp. Insurance		$ 3,000.00
Travel Expense		
Subtotal		$ 13,775.00
Building/Equipment		
Utilities		$ 20,000.00
Insurance		$ 12,000.00
Building Supplies		$ 1,000.00
Repairs& Maintenance		$ 2,000.00
Telephone		$ 1,500.00
Security Service		$ 2,000.00
Subtotal		$ 38,500.00
		2022 Budget
Social Service Programs		
Food		$ 15,000.00
Rent		$ 32,479.00
Utilities		$ 15,000.00
Traveler's Aid		$ 2,500.00
Thrift Store		$ 5,000.00
Medical Services		$ 3,000.00
Subtotal		$ 72,979.00
Other Service Programs		
Toy Program		$ 8,000.00
Holiday Hope Fund		$ 80,000.00
Holiday Cheer/PreTeens		$ 2,000.00
EFSP		$ 12,000.00
Subtotal		$ 102,000.00
Totals:		$ 581,300.00

The City of Morristown

Office of Administration

RECEIVED
MAR 10 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 3, 2022

Office of the Hamblen County Mayor
511 West Second North Street
Morristown, TN 37814

Dear Mayor Brittain,

Thank you for the invitation again this year to be considered for a special allocation toward Parks and Recreation efforts benefitting the citizens of Hamblen County. The website for the City of Morristown – and more specifically, the page for the Finance Department – includes links to both the City's FY 2022 budget as well as the FY 2021 Annual Financial Report. (https://www.mymorristown.com/departments/finance/index.php)

Over recent months, parks & recreation activities and leagues have begun returning to a sense of normalcy following COVID-related cancelations in 2020 and part of 2021. We anticipate strong participation in 2022 and 2023 with not only traditional league-type functions, but also individual sports, attendance at planned special events, and passive use of all of our parks.

All park activities and leagues are available to individuals and families regardless of whether they are city residents or not, and we believe that the programming offered is a great asset to all residents of Hamblen County. The Parks & Recreation Department strives to seek input from citizens and to cater programming to the demands of the community as they may change over time.

We expect that the FY 2023 budget for Parks & Recreation (excluding special capital projects) will be approximately $2,500,000. As such, the City would like to request a contribution from the county of $500,000.

In addition to supporting planned operations, Parks & Recreation would like to advance several special projects such as the expansion of Wayne Hansard Park, extension of the Turkey Creek Greenway, the opening of Jolley Park, and new trails and other amenities at Fulton-Hill Park to name a few.

We welcome the opportunity to speak with members of the county's budget committee should that be beneficial, and we remain open to creative partnerships that help us advance our common cause of improving quality of life for citizens of Morristown and Hamblen County. We look forward to working together in FY 2023.

Respectfully,

Andrew Ellard,
Assistant City Administrator

Cc: Anne Bryant-Hurst, Finance Director

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Morristown Recreation Board
Craig Price, Director
415 W. Louise Avenue
Morristown, TN 37813

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with the policies and procedures of Hamblen County.

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of a letter requesting your appropriation for this fiscal year,
2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and
3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $300,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

Rose Center
COUNCIL FOR THE ARTS

March 7, 2022

Mayor Bill Brittain
Hamblen County Courthouse
511 West Second North Street
Morristown, TN 37814

RECEIVED
MAR 15 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

RE: 2022-2023 Budget

Dear Mayor Brittain,

On behalf of the Rose Center Board of Directors, its staff, patrons and volunteers, thank you for the opportunity to request funding from Hamblen County again this year. The funding you provide sustains the work we do for the community, ensuring that the historic building, as well as quality arts programming, will be here for many years to come.

After two very difficult and challenging years, we are able to say Rose Center has grown and changed to meet the needs of the community during this time. We are pleased to be open again, offering the classes, concerts and events so appreciated by the public, as well as new events like Spring Thyme with the Appalachian Renaissance Faire on April 23-24.

It is encouraging that you and the Hamblen County Commissioners recognize and value Rose Center's contribution to the quality of life in our community. Please let me know if I can provide further information that would be helpful in considering this request.

Sincerely,

Beccy Hamm

Beccy Hamm
Executive Director

Rose Center Council for the Arts ● 442 W. 2nd North Street ● PO Box 1976 ● Morristown, TN 37816
423-581-4330 or office@rosecenter.org

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Rose Center
Becky Hamm
P.O. Box 1976
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022.** If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: **$5,000**

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

IRS Department of the Treasury
Internal Revenue Service

OGDEN UT 84201-0038

In reply refer to: 0437845969
Sep. 23, 2008 LTR 4168C E0
62-0978968 000000 00 000
00028840
BODC: TE

ROSE CENTER AND COUNCIL FOR THE
ARTS INC
PO BOX 1976
MORRISTOWN TN 37816-1976769

017555

Employer Identification Number: 62-0978968
Person to Contact: T. Buckingham
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Sep. 12, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in May 1977, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Maureen Green

Maureen Green
Operations Mgr.,Exam SC Suppor

ROSE CENTER AND COUNCIL FOR THE ARTS, INC.

FINANCIAL STATEMENTS

Year ended June 30, 2021

Purkey, Carter, Compton, Swann & Carter, PLLC

Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rose Center and Council for the Arts, Inc.
Morristown, Tennessee

We have audited the accompanying financial statements of Rose Center and Council for the Arts, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ROSE CENTER AND COUNCIL FOR THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
Cash - operations	$ 119,213
Grant receivable	28,536
Unconditional promises to give	6,998
Investments	9,981
Cash - restricted	6,099
Investments - restricted	3,508
Endowment fund	110,192
Property and equipment, net	399,992
Collections inventory	39,400
TOTAL ASSETS	$ 723,919
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 3,478
Accrued expenses	2,012
Line of credit	12,125
Payroll tax payable	1,603
Deferred revenue	8,925
Capital lease obligation	2,602
TOTAL LIABILITIES	30,745
NET ASSETS	
Net assets without donor restrictions:	
Undesignated	566,210
Net assets with donor restrictions	126,964
TOTAL NET ASSETS	693,174
TOTAL LIABILITIES AND NET ASSETS	$ 723,919

See accompanying notes to financial statements.

ROSE CENTER AND COUNCIL FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	Program Services	Supporting Services		
	Community Arts	Management and General	Fundraising	Total
Salaries	$ 13,244	$ 30,592	$ 22,750	$ 66,586
Payroll taxes	1,051	2,416	1,786	5,253
Employee benefits	2,489	5,726	4,232	12,447
Total salaries and related expenses	16,784	38,734	28,768	84,286
Instructors and artists	1,560	-	-	1,560
Office expense	1,961	7,845	-	9,806
Utilities	21,185	5,649	1,412	28,246
Repair and maintenance	8,452	2,113	-	10,565
Accounting fees	-	8,464	-	8,464
Insurance	3,811	953	-	4,764
Supplies	6,520	-	-	6,520
Advertising	1,219	-	-	1,219
Art purchases	723	-	-	723
Miscellaneous	3,450	-	-	3,450
Contract labor	8,912	2,228	-	11,140
Interest	-	961	-	961
Depreciation	29,355	7,339	-	36,694
TOTAL EXPENSES	$ 103,932	$ 74,286	$ 30,180	$ 208,398

See accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rose Center and Council for the Arts, Inc. was organized as a non-profit corporation under the laws of the State of Tennessee in 1986. The Organization serves as a center for historic preservation, arts, crafts, and as a community cultural center furthering the education of the citizens of Hamblen County, Tennessee.

Basis of Accounting

The financial statements of Rose Center and Council for the Arts, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities.* Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk

The Organization's concentrations of credit risk consist principally of grants receivable and promises to give. Credit is granted to clients located throughout the area. The ability of these clients to perform on their credit is dependent on economic factors affecting the area. The Organization does not require collateral from its customers. Concentrations of credit risk with respect to grants receivable are limited due to the nature of the grant agreements. Concentrations of credit risk with respect to promises to give are dependent on factors affecting the economy in which contributors live and work.

Collections Inventory
The collections inventory consists of historic, art, and craft exhibit items donated by individuals or purchased by the Organization. Donated items are stated at the estimated fair market value at the time of donation, and purchased items are recorded at cost. It is the policy of the Organization that no depreciation is computed on the collections inventory which the Organization considers to be inexhaustible.

Donated Services and Facilities
A number of volunteers have made contributions of their time to Rose Center and Council for the Arts, Inc. to help programs and raise operating funds; however, only services meeting the requirements in ASC Topic 958 are recognized in the financial statements of the Organization. There were no such services provided as of June 30, 2021.

The Organization, by an agreement extending through the year 2039 and paying the nominal amount of $12 annually, leases the historic Rose School building from the City of Morristown. The lease agreement stipulates that it is the mutual desire of the parties to maintain and improve the premises through the fund raising efforts and expenditures of the Organization. The annual depreciation expense for leasehold improvements as recorded in the financial statements approximates the fair rental value of the lease.

Advertising
The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year ended June 30, 2021, was $1,219.

Subsequent Events
The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY

Rose Center and Council for the Arts, Inc. has $147,749 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure consisting of cash of $119,213 and grants receivable of $28,536. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

NOTE C - EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution plan (the Plan) covering all employees who are twenty-one years of age with at least three years of service and minimum annual compensation of $400. At its discretion, the Organization can make contributions to the Plan each year up to 15% of compensation or $30,000, whichever is less. There were no plan contributions for the year ended June 30, 2021.

NOTE F - ENDOWMENT FUND INVESTMENTS

Endowment fund investments carried at fair market value in the amount of $110,192 at June 30, 2021, represent funds held by East Tennessee Foundation (the Foundation) under an agreement to establish an endowment fund for the benefit of Rose Center and Council for the Arts, Inc. The agreement provides that contributions to the fund be deposited with the Foundation and accounted for in the Foundation's designated funds. Contributions from Rose Center and Council for the Arts, Inc. matching grants from the Foundation and any other persons making additional contributions, constitute the funds which are irrevocable and subject to the terms of the agreement. The intended duration of the fund is to continue in perpetuity to provide the Rose Center and Council for the Arts, Inc. with a permanent source of income. East Tennessee Foundation is to hold, manage, invest, administer and make distributions from the fund to Rose Center and Council for the Arts, Inc. under the agreement. The Foundation did not distribute any funds to the Organization during the year ended June 30, 2021.

The Board of Directors of the East Tennessee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Endowment fund investments at June 30, 2021, consist of the following:

	Fair Value	Investment Cost Basis	Unrealized Appreciation (Depreciation)
Investments held by East Tennessee Foundation	$ 110,192	$ 67,944	$ 42,248

The composition of and changes in net assets with donor restrictions from the endowment as of and for the year ended June 30, 2021, are as follows:

Endowment net assets – beginning of year	$ 86,960
Investment return:	
Investment income	617
Net appreciation (realized and unrealized)	23,888
Investment fees	(1,273)
Total investment return (net)	23,232
Endowment net assets – end of year	$ 110,192

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2021:

	Net assets with donor restrictions
Investment fees	$ (1,273)
Dividends	617
Realized gains	2,454
Unrealized gains	21,434
Total investment return (net)	$ 23,232

Interpretation of Relevant Law

The Organization's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of Tennessee, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds:

Funds with Deficiencies

In some instances, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature, if any, are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2021.

Investment Policy

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of endowment assets over the long term. To this end, the Organization established a designated fund with East Tennessee Foundation, a community foundation, whose goal is to maintain or increase the real value of endowment principal and its distributions over the long term, while funding current needs at an appropriate level. The Foundation's funds are invested in a diversified asset mix composed of U.S. and international equities, fixed income funds, absolute return pools, and private investments.

Spending Policy

Distributions from East Tennessee Foundation's endowment funds are based on a total return concept. Appropriation of endowment income is deemed to occur when funds are transferred into the Organization's operating account. For financial reporting purposes, revenues and expenses are recognized under the full accrual method of accounting.

NOTE L - PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on June 30, 2021, consisted of the following:

Building improvements	$	928,949
Furnishings and equipment		160,355
		1,089,304
Less accumulated depreciation		(689,312)
Net property and equipment	$	399,992

Depreciation expense for the year ended June 30, 2021, was $36,694.

NOTE M - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Prater Hall maintenance	$	3,508
United Way for period after June 30, 2021		6,998
Computer upgrades		1,904
Community Room and Historical Classroom		4,362
East Tennessee Foundation Endowment		82,459
Investment return on donor restricted net assets not yet appropriated (E.T. Foundation)		27,733
Total	$	126,964

Net assets with donor restrictions from East Tennessee Foundation endowment have restrictions on the use of income as determined by the Foundation.

NOTE N - LINE OF CREDIT

On November 4, 2020, the Organization extended their $50,000 unsecured line of credit with Commercial Bank in Morristown, Tennessee. The loan subsequently matures on November 4, 2022. The variable interest rate at June 30, 2021, was 4.25% per annum. At June 30, 2021, the total balance owed on the line of credit was $12,125.

NOTE O - FUNDING

Rose Center and Council for the Arts, Inc. receives a substantial amount of support from grants and public contributions for operations. A major reduction of funds by the public and grantor agencies, should this occur, may have a significant effect on future operations.

Rose Center & Council for the Arts

FY22 Budget

Income

Private Contributions	20,000
Public Contributions	41,000
Corporate Contributions	20,000
United Way	14,000
Grants	60,000
Private Memberships	10,000
Corporate Memberships	7,000
Programs	6000
Mountain Makins	30,000
Events	10,000
Rentals	70,000
Gallery	2,000
TOTAL	290,000

Expenses

Utilities	30,000
General Maintenance	20,000
Building Improvements	25,000
Equipment leases	6,000
Debt service	5,000
Liability Insurance	7,000
Workers Comp	3,000
Health Insurance	4,000
Operating & Advertising	27,000
Program Expenses	24,000
Mountain Makins	18,000
Contract Labor	18,000
Payroll & Taxes	103,000
TOTAL	290,000

PO Box 3246 Morristown TN 37815. Phone: 423-690-9065

Hamblen County Budget Committee
511 West Second North Street
Morristown TN, 37814

RECEIVED
MAR 16 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 16, 2022

Dear Hamblen County Budget Committee,

Thank you for the opportunity to be considered for financial support. We are honored to have this opportunity, and on behalf of the families we serve, thank you!

Our core mission is to facilitate the integration of immigrant families into the fabric of the Lakeway community through the values of empowerment, solidarity, and inclusivity. In its seven years as an organization, HOLA Lakeway has played a major role in the integration of immigrant families in the Lakeway Area. HOLA Lakeway serves families in Hamblen County and the surrounding counties.

HOLA Lakeway has several priorities at this moment:

- Increase the accessibility to higher education for immigrant families by providing workforce development, workshops, meetings, and conferences.
- Equipping individuals to master literacy and language skills needed to complete K-12 education while striving to decrease the achievement gap by providing HiSET, GED, Spanish and English classes.
- Increase trust between the immigrant community and cities in the Lakeway area by being a liaison between families and community resources, decreasing the gaps that exist, and building bridges.
- To increase community integration and understanding of different cultures through events that celebrate and highlight diversity while promoting unity.

HOLA Lakeway's programs focus on workforce development which allows community members to better integrate into the workforce helping the worker shortage while improving the economy. As HOLA promotes integration in the community. Families and individuals who are plugged into the community are more likely to stay in the Lakeway area to pursue their field of study or trade. These funds would help us with the initial costs of these services and support the day-to-day operations of our organization. HOLA Lakeway has 4 part-time staff at this moment. We also have 12 regular (weekly) volunteers and 10 non-regular volunteers.

We strongly believe that our mission and services bring unique and vital additions to the community of Hamblen County. Attached to this letter are the supporting documents requested. We appreciate your attention to this request, and we would be happy to personally meet with the Budget Committee to further discuss HOLA Lakeway's services. Thank you for your support.

Best Regards,

Betsy B. Jimenez Hurst
Executive Director

1045 South Cumberland St. Morristown TN 37813. www.holalakeway.org. info@holalakeway.org

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

HOLA Lakeway
Betsy Hurst
PO Box 3246
Morristown, TN 37815

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $15,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 27 2019

HOLA LAKEWAY
2450 SOUTH CUMBERLAND STREET
MORRISTOWN, TN 37813-0000

Employer Identification Number:
83-3606765
DLN:
26053456002589
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
February 1, 2019
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

HOLA LAKEWAY

Sincerely,

Stephen A. Martin

Director, Exempt Organizations
Rulings and Agreements

HOLA LAKEWAY

FINANCIAL STATEMENTS

Year ended December 31, 2020

HOLA LAKEWAY

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Purkey, Carter, Compton, Swann & Carter, PLLC
Certified Public Accountants

2335 W. Andrew Johnson Highway
P. O. Box 727
Morristown, Tennessee 37815

Telephone (423) 586-4850
FAX (423) 581-8873
www.pccsc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HOLA Lakeway
Morristown, Tennessee

We have audited the accompanying financial statements of HOLA Lakeway, a non-profit organization, which comprise the statement of financial position as of December 31, 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.

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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOLA Lakeway as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, TN
January 7, 2022

HOLA LAKEWAY
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	
Cash	$ 68,188
Prepaid expense	650
TOTAL ASSETS	$ 68,838
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 4,660
Accrued wages and related liabilities	1,652
Deferred revenue	13,388
TOTAL LIABILITIES	19,700
NET ASSETS	
Net assets without donor restrictions:	
Undesignated	42,018
Net assets with donor restrictions	7,120
TOTAL NET ASSETS	49,138
TOTAL LIABILITIES AND NET ASSETS	$ 68,838

See accompanying notes to financial statements.

HOLA LAKEWAY
STATEMENT OF ACTIVITIES
Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions			
Contributions and donations	$ 26,826	$ 8,000	$ 34,826
Grants	44,392		44,392
Interest income	31	-	31
In-kind donations	2,100		2,100
Net assets released from restrictions:			
Restriction satisified by purpose	880	(880)	-
TOTAL SUPPORT AND REVENUE	74,229	7,120	81,349
EXPENSES			
Program services	64,661	-	64,661
Supporting services			
Management and general	18,086	-	18,086
Fundraising	5,792	-	5,792
TOTAL EXPENSES	88,539	-	88,539
CHANGE IN NET ASSETS	(14,310)	7,120	(7,190)
NET ASSETS AT BEGINNING OF YEAR	56,328	-	56,328
NET ASSETS AT END OF YEAR	$ 42,018	$ 7,120	$ 49,138

See accompanying notes to financial statements.

HOLA LAKEWAY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

	Program Services	Supporting Services		
	Community Services	Management and General	Fundraising	Total
Wages	$ 11,689	$ 4,920	$ 4,200	$ 20,809
Payroll taxes	892	382	318	1,592
Total wages and related expenses	12,581	5,302	4,518	22,401
Rent	7,500	-	-	7,500
Contract labor	3,566	1,528	1,274	6,368
Memberships	-	167	-	167
Travel and meetings	207	-	-	207
Maintenance and repairs	-	654	-	654
Training	89	-	-	89
Technology support	1,045	-	-	1,045
Referral program	161	-	-	161
Language institute	818	-	-	818
Client assistance programs	35,077	3,898	-	38,975
Reading center supplies	1,100	-	-	1,100
Multimedia outreach	-	478	-	478
Legal and professional fees	-	5,076	-	5,076
Office supplies	2,435	609	-	3,044
Utilities expense	-	224	-	224
Volunteer appreciation	-	150	-	150
Festival expense	82	-	-	82
TOTAL EXPENSES	$ 64,661	$ 18,086	$ 5,792	$ 88,539

See accompanying notes to financial statements.

HOLA LAKEWAY
STATEMENT OF CASH FLOWS
Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (7,190)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	1,500
Prepaid expense	(650)
Increase in operating liabilities:	
Accounts payable	1,103
Accrued taxes payable	1,196
Accrued wages payable	456
Deferred revenue	10,108
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,523
NET INCREASE IN CASH AND RESTRICTED CASH	6,523
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	61,665
CASH AND RESTRICTED CASH AT END OF YEAR	$ 68,188

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

HOLA Lakeway was organized as a nonprofit corporation under the laws of the State of Tennessee in February of 2019. The Organization provides support and educational programs to the immigrant population of the Lakeway region.

Basis of Accounting

The financial statements of HOLA Lakeway have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2020.

Property and Equipment
Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. The Organization's capitalization policy is $1,000 per item.

Noncash Donations
Noncash donations are recorded as contributions at their estimated fair values at the date of the donation.

Advertising
The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year totaled $478.

Subsequent Events
The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following period or purposes:

Subject to purpose restrictions:	
Jefferson Bendiciones	$ 6,725
Student Tech Fees	395
	$ 7,120

NOTE C - FUNDING

HOLA Lakeway receives a substantial amount of support from various grantors and public support for operations. A major reduction of funds by the public and grantor agencies, should this occur, may have a significant effect on future operations.

NOTE D - LIQUIDITY

HOLA Lakeway has $68,188 of financial assets, consisting of cash, available within one year of the Statement of Financial Position date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

NOTE E - DEFERRED REVENUE

Deferred revenues of $13,388 relate to unearned grant contributions as of December 31, 2020.

NOTE F - RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus Disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the organization could be material.

NOTE G - IN-KIND REVENUE AND EXPENSE

HOLA Lakeway received in-kind donations of office supplies in the amount of $2,100 with a corresponding amount included in expense during the year. The donations are recorded as contributions at their estimated fair values at the date of the donation.

HOLA Lakeway 2022 Budget

Income			
	Funding Income		
	Grants	80,000	
	Individual Donations	25,000	
	Fundraising	45,000	
	Total Funding Income	**150,000**	
Total Income			**150,000**
Expense			
	Overhead Expense		
	HOLA Sankofa Center rent	14,400	
	Building Expenses (Utilities, Insurance, Internet, etc.)	18,000	
	Property taxes	7,000	
	Salaries	42,640	
	Payroll taxes	5,000	
	Audit	5,000	
	Accounting Fee (Payroll, and QuickBooks reconciliation and audit)	5,000	
	Total Overhead Expense	**97,040**	
	Administrative Expense		
	Office Supplies (ink, copies, paper etc.)	1,000	
	Stipends (Spanish Teacher)	360	
	Website Fee	300	
	Hola's Domain	62	
	Post Office	118	
	Traveling (Meetings, Training etc.)	500	
	Microsoft Office/Best Buy	77	
	Zoom	160	
	Miscellaneous (Emergency)	1,000	
	Total Administrative Expense	**3,578**	
	Cultural, Educational, and Community Support Programs and Initiatives Events Expense		
	(Based on Grant Funding, Donations, and Fund Raising)		
	Educational Programs	20000	
	HOLA International Festival	5,000	
	Tertulias	5,000	
	HOLA on the move	3,000	
	Cultural Trainings, Coffee & Conversations,	2,000	
	Bendiciones Jefferson	3,000	
	Legal Clinics	500	
	PAID	2,000	
	La Tiendita de La Gente (The People's Store)	5,000	
	Total Cultural, Educational, and Community Support Events Expense	**45,500**	
Total Expense			**146,118**
Net Balance			**3,882**
	* Please see program explanation		

PO Box 3246 Morristown TN 37815. Phone: 423-690-9065

INFORMATION

- Name and address of the agency:
  - HOLA Lakeway
  - 1045 South Cumberland St. Morristown TN 37813
  - Website: http://holakeway.org

- Contact Information:
  Betsy Hurst, Executive Director
  bhurst@holalakeway.org
  423-621-9065/865-582-5289

Description of the program that serves the residents of the City of Morristown.

Educational Programs

Language Institute

English Classes: HOLA Lakeway hosts four levels of ELL classes, ranging from beginner to advanced. Through these classes, we hope to give a confident voice to those who often struggle with communicating their needs in a new language. The demand for English language skills is incredibly urgent, and our ELL classes address that need. Classes are held weekly, and students can expect regular homework, testing, and a strict attendance policy.

Spanish Classes: More than 20% of Lakeway area residents are Latino. By offering Spanish classes, we build a bridge between the different communities in our area, ultimately promoting unity. Classes are given on either Tuesday or Thursday evenings, and the course is ten weeks long. Students can expect regular

PO Box 3246 Morristown TN 37815. Phone: 423-690-9065

homework, testing, and a strict attendance policy. This class is currently only offered to adults.

High School Equivalency Exam Preparation: (HISET/GED) We offer classes to prepare students to take the HiSET exam required to earn their high school equivalency diploma. Our program assists students with each of the five subjects tested: reading, mathematics, writing, science, and social studies. Classes are held weekly on Tuesday evenings and subjects offered rotate each semester.

Family Technology Academic Support Center: We launched our academic support center on September 8, 2020, with the purpose of offering support to families during virtual learning in school. Students and parents come for academic and technology assistance.

Super Parent Program: The Superhero Parent Education program was created in 2018 to help empower parents from different ethnic backgrounds with knowledge to better advocate for equality in their children's education. The program focuses on advocating in three areas: 1) Requesting accessible, clear, and transparent data, 2) Requesting that parents are included from the beginning in any school disciplinary process, and 3) Ensuring access to college information and support for economically disadvantaged students. This program is the first of its kind in Hamblen County, and this is an important step toward equality for all students. We strive to inform parent advocates who can fight for their children's rights to equal education. We also support teachers and parents with translations during parent-teacher conferences.

Children Program: Our children's program operates two evenings a week for school-aged children. The program operates during the same hours as our adult programs so that the children of our adult students have easy access to academic enrichment activities. The program consists of three centers: Skill/Homework, Reading and STEAM (Science, Technology, Engineering, Art and Math). Also, the children have access to HOLA's Library to choose texts at their reading level that are of interest to them.

Elevate Program: This leadership program for high school students aims to assist students through various transition phases, such as middle to high school, high school to college, entering

1045 South Cumberland St. Morristown TN 37813. www.holalakeway.org. info@holalakeway.org

the workforce, and adapting to a new country. We provide opportunities for language acquisition, leadership and social skills, academic support, college preparation, and parent engagement.

Community Support Programs:

HOLA on the Move: This program was created to provide information to community members in their neighborhoods. We partner with other organizations and share topics such as health, the census, educational opportunities, etc. For example, in 2021 we visited 750 homes and provided COVID-19 vaccine information. In 2020 we also held census clinic to explain to families the importance of the census.

PAID Program (Pandemic Aid for Immigrant Families): The Paid Program was created with the purpose of helping families affected by COVID-19. The program helps families by providing some rescue funds to help them pay rent, utilities or food based on their needs.

Referral/Information/Help Line: This is a program that provides information to families that walk into our facilities or via phone.

Entre Amigas Women's Group: This group for women seeks to help them learn about, discuss, and get advice on important topics such as post-secondary education, selfcare, and health by drawing on each other and forming bonds with other women of similar experiences.

Legal Clinic: HOLA Lakeway provides our community members with free legal clinics through our partnership with the Law Office of Hammad R. Sheikh, LLC. Sheikh is accompanied by an interpreter so that he can serve Spanish-speaking immigrants in the area.

La Tienda de la Gente/The People's Store (Food Pantry). The food pantry program provides basic cultural food that families consume based on their traditions.

Cultural Programs

PO Box 3246 Morristown TN 37815. Phone: 423-690-9065

HOLA Lakeway International Food Festival: The International Food Festival is a day-long annual event hosted by HOLA Lakeway in which members of the immigrant community are invited to share their customs and traditions – from food to song and dance – with the entire community to promote both diversity and unity.

Tertulias/Conversations: Our Tertulias/Conversations are cultural meetings where community members come together and learn about the different cultures in our communities. Tertulia means "Let's have a conversation". It is used in Latin countries for welcoming friends to have conversations that matter. The idea of the Tertulia will allow our clients and community members to have an open dialog and learn from each other.

Cultural Competency Trainings: We offer cultural competency trainings with the purpose of teaching the community about different cultures in the Lakeway area. Our trainings can be customized based on the audience (teachers, business owners, law enforcement, foster families, etc.) to provide the most helpful and relevant information.

1045 South Cumberland St. Morristown TN 37813. www.holalakeway.org. info@holalakeway.org

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 13

TENNESSEE DEPARTMENT OF AGRICULTURE
FORESTRY DIVISION
DISTRICT OFFICE
P.O. BOX 2666
KNOXVILLE, TENNESSEE 37996
865-594-6432

February 22, 2022

RECEIVED
FEB 24 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

3134

Anne Bryant-Hurst
Finance Director
511 West Second North Street
Morristown, TN 37814

Dear Director Woods:

It is time for the county appropriations for Cooperative Forest Fire Control Program to be paid by the cooperating counties for the fiscal year 2023 (July 1, 2022– June 30, 2023).

The share for Hamblen County to participate in the Cooperative Forest Fire Control Program is $1000.00 and should be made payable to the Tennessee Department of Agriculture, Division of Forestry. Please send your check to this office, so I may enter it on my records.

Funds will be used for providing forest fire protection.

As requested, I am enclosing a copy of your letter, the projected budget for FY 2023 and the latest Department of Agriculture Audit is same as last year.

Thank you.

Respectfully,

Darren Bailey Jr.
Darren Bailey
District Forester

DB/jko

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Tennessee Department of Agriculture

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:
☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶
Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
☑ Other (see instructions) ▶ State Government

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
Exempt payee code (if any)
Exemption from FATCA reporting code (if any)
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)
P.O. Box 40627

Requester's name and address (optional)

6 City, state, and ZIP code
Nashville, TN 37204

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number
☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number
6 2 – 6 0 0 1 4 4 5

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ Peggy Naifeh, Fiscal Director Date ▶ 4-21-16

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

TENNESSEE COMPTROLLER OF THE TREASURY

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

DEPARTMENT OF AGRICULTURE

Performance Audit Report

November 2017

RECEIVED
FEB 22 2021
OFFICE OF THE
HAMBLEN COUNTY MAYOR

Justin P. Wilson, Comptroller

Division of State Audit
Sunset Performance Section

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500, JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402

PHONE (615) 401-7897
FAX (615) 532-2765

November 13, 2017

The Honorable Randy McNally
Speaker of the Senate
The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Jeremy Faison, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable Jai Templeton, Commissioner
Department of Agriculture
Nashville, TN 37220

Ladies and Gentlemen:

Transmitted herewith is the sunset performance audit of the Department of Agriculture. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law. Also included is a review of the Tennessee State Fair and Exposition Commission, as required by Section 4-57-107, *Tennessee Code Annotated.*

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Department of Agriculture should be continued, restructured, or terminated.

Sincerely,

Deborah V. Loveless

Deborah V. Loveless, CPA
Director

17012

The department has implemented several key mechanisms to encourage quality soil conservation districts' management practices; however, some districts continue to struggle to adopt appropriate internal controls

The October 2013 performance audit of the department found weaknesses in the oversight of districts that potentially allowed fraud, incomplete support of expenses, and conflicts of interest, although no instances of those problems were identified. We found that the department has taken significant steps to improve its oversight of the districts and improved its monitoring of district activities. Several internal audits identified major district management problems. However, none of the internal audits reviewed found fraud or misuse of public funds. In addition, the *Handbook for Soil Conservation District Supervisors* does not address formal conflict of interest forms for district board members (page 12).

The department implemented prior recommendations to improve oversight of the Tennessee State Fair and Exposition Commission, but can encourage the Tennessee State Fair and Exposition Commission to take further steps to identify and disclose potential conflicts of interest

The commission has not adopted policies and procedures to identify conflicts of interest for departmental officials or members of the State Fair and Exposition Commission. As of March 2017, there were no departmental employees other than the commissioner serving on the commission. Department leadership is aware of the need to avoid conflicts of interest. However, the commission did not implement a formal policy or procedure to identify and address potential conflicts of interest (page 18).

Auditor Note: In June 2017, after field work for the audit was completed, the commission adopted a conflict of interest policy.

ADDITIONAL INFORMATION

We also present information on wildfire fighting (page 14) and industrial hemp (page 16).

Performance Audit
Department of Agriculture

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Department of Agriculture was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated.* Under Section 4-29-239, the Department of Agriculture is scheduled to terminate June 30, 2018. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the Department of Agriculture and to report to the Joint Government Operations Committee of the General Assembly. This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Department of Agriculture should be continued, restructured, or terminated. Also included is a review of the Tennessee State Fair and Exposition Commission, as required by Section 4-57-107, *Tennessee Code Annotated.*

HISTORY AND MISSION

The Department of Agriculture was established in 1854 with the original purpose of promoting agriculture through fairs and livestock expositions. This tradition continues today as the department helps expand markets for farm and forest products through promotions and industry development activities.

The mission of the Department of Agriculture is to serve the people of Tennessee by promoting wise uses of agricultural and forest resources, developing economic opportunities, and ensuring safe and dependable food and fiber. The department provides an array of consumer services from food safety and product quality assurance to pesticide regulation and environmental monitoring. Forestry services include landowner assistance, wildfire suppression, and state forest management. Water quality programs encourage and promote wise stewardship of natural resources.

DEPARTMENT ORGANIZATION AND RESPONSIBILITIES

As of October 2017, the department had 794 employees and an operating budget of over $107,632,700, as illustrated in Appendix 1 (page 20). The department is organized under six Assistant Commissioners, each heading a division.

Division of Forestry

The Division of Forestry promotes the wise use of forest resources. Some of its activities include

- advising private, non-industrial landowners on sustainable forestry practices;
- fighting and preventing wildfires by training volunteer fire departments, issuing burn permits, enforcing fire laws, and teaching the public fire safety;
- growing pine and hardwood seedlings at division nurseries for timber production, wildlife habitat, and erosion control;
- providing information to the public to slow the spread of certain forest pests;
- administering federal grants and providing technical assistance for urban forestry;
- managing state forests for benefits including recreation, wildlife, timber, and water quality; and
- working with the Tennessee Department of Environment and Conservation to monitor compliance with state water quality regulations.

Division of Consumer and Industry Services

The Division of Consumer and Industry Services monitors agricultural materials, products, and services to help assure quality, consumer protection, public safety, and a fair marketplace. Some of the division's key functions include

- monitoring and taking steps to prevent animal diseases;
- certifying nurseries, greenhouses, and plant dealers to encourage healthy, pest-free plant material;
- registering pesticides, certifying applicators, monitoring groundwater quality, and inspecting pest control businesses;
- inspecting dairy farms, dairy plants, milk transport trucks, dairy product distributors and milk samplers, and registering dairy products;
- monitoring the quality of feeds, seeds, and fertilizers;
- inspecting retail food stores, food manufacturers, warehouses, and distributors;
- enforcing bottled water regulations;
- performing custom slaughterhouse inspections;
- enforcing state laws prohibiting the sale of tobacco products to minors;
- testing devices such as fuel pumps, scales, and liquid propane gas meters for accuracy;
- inspecting net quantity on packaged products and accuracy of price verification systems;

audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our objectives were to

- obtain and analyze information about the department's monitoring of soil conservation districts;
- determine if the department inspects food, dairy, and pest control facilities as frequently as required;
- determine the timeliness of complaint resolution concerning pesticide dealers and operators;
- describe the department's involvement with the 2016 Gatlinburg fire, burn permit process, and training firefighting personnel;
- determine if the department has instituted appropriate controls to monitor and reimburse expenses related to the State Fair Association;
- gather information about departmental responsibilities concerning hemp; and
- follow up on prior audit findings.

PRIOR AUDIT FINDINGS FOLLOW-UP

We followed up on the findings and recommendations made in the most recent performance audit of the department, released in 2013. Prior audit findings on oversight of soil conservation districts, unsubstantiated payments to the districts, weights and measures inspection timeliness, payments to the Tennessee State Fair Association (TSFA), and a conflict of interest between the department and the TSFA were resolved. However, the Tennessee State Fair and Exposition Commission did not work with the association to adopt a formal policy and form to disclose potential conflicts of interest. (See Finding 3, page 18.) (*Auditor Note*: In June 2017, after field work for the audit was completed, the commission adopted a conflict of interest policy.)

The following prior audit findings were not resolved.

Prior Finding 4: Inspections of retail food stores and food manufacturers were not always conducted timely.

The finding is not resolved. Using methodology described in Finding 1 (page 7), we determined that retail food stores and food manufacturing businesses were not always inspected as frequently as required by internal guidelines. For example, of a sample of 25 food manufacturing facilities inspected between January 1, 2014, and December 31, 2016, 10 (40%) had not been inspected within the past six months, as required by internal policy.

Finding 1

Inspections of pest control businesses, retail food stores, and food manufacturers were not always completed as required by timeliness internal requirements, and pest control complaints were not resolved in accordance with departmental timeliness standards

The Division of Consumer and Industry Services did not inspect many pest control businesses annually as required under internal guidelines. The division's pesticide group regulates businesses that perform routine pest-control activities, as well as restricted-use pesticide applicators that use more toxic chemicals and have more stringent training and certification requirements. As part of regulation, the division inspects pest control businesses and responds to complaints concerning pesticides. Both can involve visiting the business to determine if it meets state requirements. For example, an inspector might review the business's pesticide records, review the business's stock to ensure proper packaging and labeling, and collect a sample of pesticides. Failure to properly inspect pesticide companies presents a potential risk to the public that pesticide companies are operating in an unsafe manner.

To determine frequency of inspections of pest control businesses, we tested a stratified sample of 28 pest control businesses from 1,121 routine pest control businesses and 109 restricted-use applicators, inspected between January 1, 2014, and December 31, 2016. We found that 11 of the 28 pest control businesses (39%) had not been inspected within the prior year, as required by department standards.

Some Complaints Not Resolved in a Timely Manner

The division also responds to complaints about pest control companies, which often requires staff to conduct investigations. These complaints can allege problems such as a company or a location not storing or applying pesticides in a safe manner. Between January 1, 2014, and December 31, 2016, the division received 421 complaints, of which 54 were open as of February 2017.

The division's internal standard is to resolve complaints within 90 days. To determine if the division met its time resolution standards, we analyzed all 421 complaints received between January 1, 2014, and February 2017, and found that 141 of 421 complaints (33%) were not resolved within 90 days as required by internal policy.

Laboratory Backlog Likely Continues to Contribute to the Division's Failure to Resolve Most Complaints in a Timely Manner

The 2013 performance audit found most complaint handling delays were attributed to delays with obtaining test results from the department's laboratory. The department's laboratory is responsible for testing samples submitted from the entire department, with priority given to samples that pose the greatest potential risk to human health and safety. In response to the prior finding, division management explained that delays occurred because several chemist positions were open. However, the department was developing a process to send high-risk samples to a private laboratory to expedite the results.

of all retail food inspections were overdue, and 18% of all food manufacturer inspections were overdue.

To evaluate whether the division conducted inspections as frequently as required, we

- reviewed statute, division rules and regulations, and standards;
- reviewed department records;
- interviewed division management and staff; and
- reviewed the department's contracts with Davidson, Knox, and Shelby counties to conduct retail food inspections.

We also conducted file reviews and analyzed department data to evaluate inspection frequency. Concerning the latter, we analyzed the department's computerized inspection records of all retail facilities between January 1, 2014, and December 31, 2016. We also selected a sample of food manufacturers, in the same date range as retail, to determine inspection frequency.

Our analysis focused on the number of inspections conducted, rather the number of businesses inspected, because of the lack of existing data queries from the information system and the potential difficulties and unreasonable time needed to build these queries. The department could not easily provide a list of businesses and their inspection dates. Because the sample focused on inspections rather than businesses, it is possible that it excluded businesses which were inspected only once or not at all within the period. For example, 271 of 18,517 businesses (1.5%) received only one inspection. However, based on our thorough analysis of the data, it is likely only a small number of businesses (if any) fell into these categories. As a result, in our professional judgement, the analysis limitations do not substantially impact our results.

Some High-risk Retail Food Facilities Were Not Inspected as Frequently as Required

We focused on category 1 facilities because they pose the highest risk to the public. In total, over 18,500 category 1 inspections were conducted between January 1, 2014, and December 31, 2016. Of these inspections, more than 7,000 inspections (39%) involved facilities that had not been inspected within the required 6 months.[1]

In addition to the sample items, we also identified that many inspections from contracted county inspections were missing from the department's files. The division does not formally track contractor documentation submissions to support information in the department database. Without tracking whether the information has been submitted, the division cannot sufficiently monitor whether contractors conduct inspections according to contract terms. We contacted the three contracted counties, none of whom could provide all missing documentation records.

[1] To calculate the length of time between inspections in days for all analyses in this finding, auditors defined one month as 30 days.

Management's Comment

We concur.

Pest Control Complaints: The department has established a target of 90 days for pesticide complaint resolution. The department acknowledges that in 2013 the laboratory was not operating at maximum efficiency and has since adjusted management responsibilities and reclassified two seed analyst positions to chemist positions. From April 1, 2016 – September 30, 2016 pesticide complaint laboratory samples averaged a 66-day turnaround time. However, now that the laboratory has become fully staffed, samples from April 1, 2017 – September 30, 2017 reveal the turnaround time was 12 days.

In addition, the department has added a Customer Focused Government (CFG) goal this year to reduce overall pesticide related complaint resolution time by 20%. In order to assist in achieving this goal, the department is planning to utilize an administrative staff member who has experience analyzing processes and making recommendations to improve efficiency in program areas.

Retail Food Store and Food Manufacturing Inspections: The department adopted a standard operating procedure (SOP#: FOOD05) on March 31, 2017. It summarizes the department's policy on risk based inspection frequency of food establishments and says in part, "a firm determined to be high risk, necessitates two inspections per year and therefore is to be inspected approximately every six months." Although there are no legal requirements or mandates to inspect food establishments exactly every six months, we feel the intent of our SOP reflects regular inspection intervals that contribute to an acceptable risk level of food safety. Our new inspection and licensing program (AgILE) will enable inspectors to have up-to-date inspection information available on hand held devices and more accurately track inspection details including frequencies. Significant in the finding is that only 1.5% of businesses received only one inspection during the period.

Retail Food Store and Food Manufacturing Inspections by Counties: The department conducts random checks on inspections by the contract counties. This is now possible by utilizing the new data management system which was put in place in the food safety section as well as the contract counties as of April 25, 2016.

Dairy Plant Inspections: There are 24 dairy plants in Tennessee. Seasonal dairy plants are now visited by inspectors on the same schedule as other dairy plants, which Federal Pasteurized Milk Ordinance guidelines require every 3 months for plants that operate year-round. If the seasonal plant is not operating at the time of the visit it is so noted in the data-base.

All dairy program inspections and sampling records are now housed in the new data management system (AgILE) and no longer on the MS-DOS based system.

- conducted a file review of internal audit working papers and final reports to evaluate the extent to which the department audited soil conservation districts;
- interviewed board members and staff of seven randomly selected districts;
- reviewed departmental policies and procedures; and
- reviewed applicable state statutes.

The Department Improved Oversight of Committee and District Activities

Since the prior 2013 audit, the department has taken significant steps to improve its oversight of the committee and districts, which should reduce the potential for fraud and other previously identified problems. For example, the department

- instituted substantive on-site monitoring of districts via internal audits of individual districts;
- increased and improved the documentation it systematically receives about districts' progress and management, which allows for better monitoring; and
- wrote and distributed a manual to assist districts in improving their internal management, as well as promoting strong department practices.

The manual contains strong recommendations and educates district and state management about

- implementing separation of duties;
- requiring board members to attest to the accuracy of the district's bank statements; and
- educating board members about potential conflicts of interest, such as having a financial interest in a district contractor, or owning land slated to be improved using district funds.

The *Handbook for Soil Conservation District Supervisors* does not address conflict of interest forms for district board members. Such forms are a standard management practice to help signatories understand and disclose conflicts of interest, as well as provide documentation should allegations arise in the future.

Department Efforts Detected District Problems

The department's efforts appear to have improved its monitoring of committee and district activities. Auditors reviewed 16 random district audits conducted by the department during calendar years 2014 through 2016. In total, the department's internal auditor performed 53 on-site reviews of districts. We found that 5 of the 16 internal audits reviewed identified major district management problems, such as inadequate separation of duties, incomplete documentation of businesses performing work using district money, internal calculations of the amount of allowed shared cost dollars that can be charged by contractors to the district, and a general lack of internal controls. This suggests that some districts are continuing to struggle to develop and maintain

Mountains National Park authorized the Division of Forestry to establish a dozer line from the Twin Creeks area down-slope to Baskins Creek in an effort to prevent some of the fire from spreading into Gatlinburg. Erratic fire conditions prevented the Division of Forestry from completing the dozer line. The division's involvement on the Park fire was limited to this effort. In the 2016 Sevier County fires, the department worked with the Gatlinburg Fire Department, other local fire departments, the Army National Guard, the National Park Service, and other entities.

Such fires impact the department's budget. The department estimates its cost to fight fires was $9.4 million in fiscal years 2015 and 2016. In fiscal year 2017, the fires in southwestern Tennessee in September 2016 and in Sevier County in November 2016 increased the department's expenditures for combatting wildfires. For the fiscal year ending June 30, 2017, the funds allocated from the Governor's supplemental appropriation totaled $1,753,357. In addition, a supplemental appropriation of $517,455 was included in the department's budget for fiscal year 2018. A federal emergency declaration covered 75% of the costs incurred in combatting the Sevier County fires.

2016 Sevier County Fires

According to department management, the sequence of events in late 2016 was as follows:

- Department personnel were aware of fires starting on National Park Service land in Sevier County. The initial fire started at the top of the mountain near the summit of the Chimneys and was contained to four acres at first but then spread.
- The National Park Service notified the department in November of 2016 that the fires were threatening Gatlinburg and the surrounding area.
- The National Park Service and department set up control lines to prevent the fires from spreading, as opposed to directly fighting the fires from the inside. This approach was used because fires are a normal part of a forest's life cycle and thus can be considered healthy when contained; it is difficult to mobilize firefighting resources in remote, rugged areas; and the National Park Service expected, based on typical fire patterns, the fires would probably burn out on their own.
- Eighty-mile-per-hour winds the weekend after Thanksgiving 2016 caused the fire to spread quickly.
- Through combined efforts, the complex of fires was extinguished in early December 2016, after causing significant damage.

Controlled Burns

The department has several tools to help prevent fires, including regulation of controlled burns, which can spread if not properly managed. Section 39-14-306, *Tennessee Code Annotated*, requires anyone starting an open-air fire within 500 feet of a forest, grassland, or woodland in most areas of the state between October 15 and May 15 to obtain a burn permit from the department. The department does not issue burn permits for Davidson, Hamilton, Knox, Madison, and Shelby counties. The local governments within those counties are responsible for regulating pre-planned burns in their jurisdiction.

exceed maximum requirements. To promote program self-sufficiency, hemp farmers pay a fee for inspections.

Due to its nature, hemp poses law enforcement and regulatory challenges. For example, marijuana is classified as a Schedule I controlled substance. However, law enforcement officials cannot authoritatively distinguish between marijuana and hemp without testing. Additionally, while the state authorizes growing of hemp, some uses of the resulting final product are unauthorized.

STATE FAIR AND EXPOSITION COMMISSION

In May 2012, the Tennessee State Fair and Exposition Act (codified as Title 4, Chapter 57, *Tennessee Code Annotated*) created the State Fair and Exposition Commission. The stated intent was that the commission would be "the sole body in Tennessee charged with administering a state fair and exposition." According to Section 4-57-104, *Tennessee Code Annotated,* the commission is administratively attached to the Department of Agriculture and is composed of the following members: the Commissioners of Agriculture, Tourist Development, and Economic and Community Development, or their designees, who are ex-officio members with voting rights; the Dean of the University of Tennessee Extension; the President of the Tennessee Farm Bureau; one member nominated by the mayor of the host county of the fair or exposition; and such other members as the Governor may appoint. As of October 2017, there were eight commission members and one vacancy, as listed in Appendix 2 (see page 21).

The commission is authorized by Section 4-57-105, *Tennessee Code Annotated*, to

- contract with a Tennessee nonprofit corporation to operate, manage, and conduct at least one fair or exposition annually, under the supervision of the commission;
- enter into any contracts and agreements necessary and perform acts necessary to carry out the purposes of the chapter;
- maintain and manage property held by the state for conducting fairs, expositions, and exhibits;
- accept gifts, contributions, and bequests of unrestricted funds for furthering the objectives of the commission's programs;
- accept, on behalf of the state, conveyances of property for the purposes of conducting fairs, expositions, and exhibits;
- sell or convey property, land, or buildings under its management, subject to the approval of the State Building Commission;
- grant leases on the property, land, or buildings under the management of the commission when they appear to be in the best interest of the state;
- recommend to the Commissioner of Agriculture rules and regulations that should be promulgated in accordance with the Uniform Administrative Procedures Act; and

Recommendation

The Tennessee State Fair and Exposition Commission should develop a conflict of interest form to disclose any commissioners' potential conflicts of interest in selecting and awarding the contract to conduct the state fair.

Auditor Note: In June 2017, after field work for the audit was completed, the commission adopted a conflict of interest policy.

Management's Comment

We concur. In concert with the conflict of interest policy adopted by the commission, the department will develop a form to be used as part of the RFP process to contract with a Tennessee nonprofit corporation to operate, manage, and conduct the state fair. The form, to be completed and signed by each commissioner, will enable the members to disclose any potential conflict of interest regarding all entities submitting a proposal.

APPENDIX 2
2017 Tennessee State Fair and Exposition Commission Members[2]

Board Member	Organization or Position Representing
Bo Roberts, Chairman	Governor's appointment
Jai Templeton	Commissioner of Agriculture
Kevin Triplett	Commissioner of Tourist Development
Amy New	Assistant Commissioner of Economic and Community Development
Jeff Aiken	President, Tennessee Farm Bureau
Rogers Anderson	Mayor, Williamson County [Governor's appointment]
Jim Forkum	Davidson County representative [host county]
Dr. Robert Burns	Interim Dean, University of Tennessee Extension

Source: Department of Agriculture website as of October 16, 2017.

[2] As of November 2017, there was one vacancy on the commission. The Department of Agriculture submitted a nomination to the governor, but the position had not yet been filled.

STATE OF TENNESSEE

DEPARTMENT OF AGRICULTURE
Division of Forestry
P.O. BOX 2666
KNOXVILLE, TENNESSEE 37901-2666
865-594-6432

HAMBLEN COUNTY
PROJECTED BUDGET 2023

Personnel	Annual Budget
Forestry Technician $3468./mo	$41,616
Forestry Aide $2486./mo	$29,832
Seasonal/Part time $10/hr (1200hrs)	$12,000
Facilities (mtnc/ofc/comm)	$ 3,000
Utilities $100/mo	$ 1,200
Equipment/Vehicles	
Truck	$11,512
TOTAL	$99,160

jko

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 14

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 17 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Morristown Chamber of Commerce – Tourism Program
Debra Williams, General Manager
P.O. Box 9
Morristown, TN 37814

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: **$22,500**

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

EP/EO Division: CSB
P. O. Box 1055
Atlanta, Georgia 30370

EO105

VG APR 01 '88

Morristown Chamber of Commerce
P. O. Box 9
825 West First North Street
Morristown, TN 37814

Person to Contact:
Jerry L. Higgins/lrk
Contact Telephone Number:
(615) 736-7171
Reply to:
EO: 7206: JLH
Employer Identification
Number:
62-0418880

Dear Sir or Madam:

Our examination of your Form 990 for the year ended December 31, 1983, disclosed that you continue to qualify for exemption from Federal income tax. We will continue to recognize your exemption under Internal Revenue Code section 501(a) as an organization described in section 501(c)(6). There is no change in your liability for the unrelated business income tax imposed by Code section 511.

During the examination we noted certain aspects of your operation and/or reporting inadequacies which, if expanded or not corrected in subsequent years, may jeopardize your exempt status or subject you to applicable penalties.

More Specifically:

Our examination disclosed that you did not attach a copy of your depreciation schedule pursuant to Part V, item 57 of the Form 990. Please be advised tha future years this schedule must be attached. See provisions of section 6033 of the Internal Reven Code.

If have any questions regarding this letter, please contact the per whose nam d telephone number are shown above.

Thank you for your cooperation.

Sincerely yours,

Michael J. Murphy
District Director

Morristown Area Chamber of Commerce

(A Nonprofit Organization)

Financial Statements
Year Ended December 31, 2021

STEWART & WHEELER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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STEWART & WHEELER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

729 West First North Street
P. O. Box 1398
Morristown, Tennessee 37816

Thomas C. Stewart, CPA
Tony R. Wheeler, CPA

Telephone (423) 581-3131
Fax (423) 586-4729

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Morristown Area Chamber of Commerce

Opinion

We have audited the accompanying financial statements of Morristown Area Chamber of Commerce (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morristown Area Chamber of Commerce as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morristown Area Chamber of Commerce and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Morristown Area Chamber of Commerce's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 our 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 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Morristown Area Chamber of Commerce'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morristown Area Chamber of Commerce's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Stewart & Wheeler, P.C.

Morristown, Tennessee

February 4, 2022

MORRISTOWN AREA CHAMBER OF COMMERCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	248,831
Accounts receivable		94,374
Prepaid expenses		8,121
Restricted cash		4,921
Cash designated for capital improvements		51,213
TOTAL CURRENT ASSETS		407,460
PROPERTY AND EQUIPMENT, less accumulated depreciation of $842,257		153,443
OTHER ASSETS		
Restricted cash		4,747
TOTAL ASSETS	$	565,650
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	7,875
Unearned revenue		36,425
TOTAL CURRENT LIABILITIES		44,300
NET ASSETS		
Without donor restrictions		511,682
With donor restrictions		9,668
TOTAL NET ASSETS		521,350
TOTAL LIABILITIES AND NET ASSETS	$	565,650

See the accompanying notes to the financial statements.

MORRISTOWN AREA CHAMBER OF COMMERCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue	$ 1,058,400	$ -	$ 1,058,400
Other Income - SBA PPP loan	80,255	-	80,255
Net assets released from restrictions	4,922	(4,922)	-
TOTAL SUPPORT AND REVENUE	1,143,577	(4,922)	1,138,655
OPERATING EXPENSES			
Program services	642,671	-	642,671
Management and general	304,194	-	304,194
TOTAL EXPENSES	946,865	-	946,865
CHANGE IN NET ASSETS	196,712	(4,922)	191,790
NET ASSETS AT BEGINNING OF YEAR	281,486	14,590	296,076
NET ASSETS ACQUIRED - **SEE NOTE M**	33,484	-	33,484
NET ASSETS AT END OF YEAR	$ 511,682	$ 9,668	$ 521,350

See the accompanying notes to the financial statements.

MORRISTOWN AREA CHAMBER OF COMMERCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Department		Industrial Marketing Department		Downtown Department		Tourism Department		Total All Departments	
	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General
Salaries	$ 83,957	$ 45,208	$ 131,710	$ 70,921	$ 20,584	$ 11,083	$ 49,299	$ 26,546	$ 285,550	$ 153,758
Payroll taxes	6,585	3,546	9,321	5,019	1,000	538	3,621	1,950	20,527	11,053
Retirement expense	1,681	905	2,162	1,164	412	222	961	517	5,216	2,808
Utilities	2,321	5,416	2,321	5,417	57	132	1,161	2,708	5,860	13,673
Telephone	464	1,083	591	1,380	430	1,003	207	483	1,692	3,949
Maintenance	2,906	6,781	2,779	6,483	465	1,085	1,382	3,225	7,532	17,574
General office	2,271	5,298	2,223	5,187	-	-	1,110	2,591	5,604	13,076
Bank and credit card fees	2,110	4,924	-	-	-	-	-	-	2,110	4,924
Morristown magazine	1,017	2,372	-	-	-	-	-	-	1,017	2,372
Vehicle expense	156	156	2,837	2,837	-	-	156	156	3,149	3,149
Travel	29	69	60	141	22	52	31	72	142	334
General insurance	-	4,413	-	4,377	-	1,546	-	2,164	-	12,500
Employee insurance	3,351	1,804	9,377	5,049	3,124	1,682	7,995	4,305	23,847	12,840
Legal and accounting	-	4,670	-	4,670	-	825	-	2,335	-	12,500
Dues and subscriptions	1,035	1,035	2,007	2,007	188	188	800	800	4,030	4,030
Postage and freight	1,847	462	1,933	483	-	-	801	200	4,581	1,145
Membership maintenance	4,921	11,482	-	-	-	-	-	-	4,921	11,482
Staff development	225	225	-	-	791	791	516	516	1,532	1,532
Professional meetings	226	226	272	272	152	152	176	176	826	826
City and county taxes	-	4,026	-	4,026	-	-	-	1,986	-	10,038

See the accompanying notes to the financial statements.

MORRISTOWN AREA CHAMBER OF COMMERCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Department		Industrial Marketing Department		Downtown Department		Tourism Department		Total All Departments	
	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General	Program Services	Management & General
Continued										
Marketing and promotion	-	-	9,895	-	-	-	-	-	9,895	-
Industrial services council	-	-	44,681	-	-	-	-	-	44,681	-
Leadership Morristown	4,629	-	-	-	-	-	-	-	4,629	-
Annual meeting	16,003	-	-	-	-	-	-	-	16,003	-
Tourism promotion	-	-	-	-	44,301	-	68,421	-	112,722	-
Craft beer festival	52,457	-	-	-	-	-	-	-	52,457	-
Past chairmen	263	-	-	-	-	-	-	-	263	-
Relocation expense	-	-	-	-	-	2,626	-	-	-	2,626
Golf tournament	8,732	-	-	-	-	-	-	-	8,732	-
Business services committee	8,240	-	-	-	-	-	-	-	8,240	-
HYPE (Young Professionals)	3,483	-	-	-	-	-	-	-	3,483	-
Depreciation expense	1,372	3,202	1,372	3,202	-	-	686	1,601	3,430	8,005
TOTAL EXPENSES	$ 210,281	$ 107,303	$ 223,541	$ 122,635	$ 71,526	$ 21,925	$ 137,323	$ 52,331	$ 642,671	$ 304,194

See the accompanying notes to the financial statements.

MORRISTOWN AREA CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$	191,790
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation		11,435
Change in operating assets and liabilities:		
Accounts receivable		(42,024)
Prepaid expenses		(3,314)
Accounts payable		5,948
Retirement payable		(2,544)
Unearned revenue		(11,495)
NET CASH PROVIDED BY OPERATING ACTIVITIES		149,796
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(12,137)
Acquisition of cash **(SEE NOTE M)**		33,484
NET CASH PROVIDED BY INVESTING ACTIVITIES		21,347
NET INCREASE IN CASH		171,143
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR		138,569
CASH AND RESTRICTED CASH AT END OF YEAR	$	309,712

See the accompanying notes to the financial statements.

NOTE A – NATURE OF ACTIVITIES

Morristown Area Chamber of Commerce (the Organization) is a community development nonprofit corporation organized for the purpose of advancing the economic, civic, commercial, industrial, social, environmental, cultural, and general interests of the people of Morristown and its trade area.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

The Organization capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives of the related assets ranging from 5 to 25 years.

Contributed Services

No amounts have been reflected in the financial statements for donated services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(6) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

NOTE B – Continued

Concentration of Credit Risk

The Organization's concentrations of credit risk consist principally of accounts receivable from members. Concentrations of credit risk with respect to accounts receivable are dependent on factors affecting the economy in which contributors live and work.

Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The policy of the Organization is to recognize the costs of compensated absences when paid to employees.

Advertising Expense

The Organization expenses advertising costs in the period they are incurred. No amount was expensed as advertising costs for the year-ended December 31, 2021.

NOTE C – CASH

The following details the cash accounts at December 31, 2021:

Depository	
HomeTrust Bank	$ 258,499
SunTrust Bank	51,213
	$ 309,712

Cash balances held in financial institutions are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At times amounts on deposit may exceed the federally insured limit. At December 31, 2021, no amounts on deposit exceeded the federally insured limit.

Cash in the amount of $9,668 is restricted by donor requirements to fund future operating lease payments on a telephone system.

Cash in the amount of $51,213 has been designated by management for capital improvements.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2021, represents balances due for the following programs:

Membership investment	$ 1,374
Morristown magazine	9,727
Tourism	75,227
Annual meeting	5,550
Downtown events	1,696
Other	800
	$ 94,374

The Organization considers its accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when the determination is made. For the year-ended December 31, 2021, $109 was charged against operations.

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because the board of directors has designated the funds for future capital improvements.

Financial assets at year-end	$ 412,207
Less: cash designated for capital improvements	(51,213)
Less: restricted cash	(9,668)
Financial assets available to meet cash needs for general expenditures within one year	$ 351,326

NOTE F – PREPAID EXPENSES

Prepaid expenses amounting to $8,121 at December 31, 2021, consist of payments made in advance for 2022 program expenses.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021, consist of:

Land, buildings, and improvements	$ 829,537
Equipment, furniture, and fixtures	166,163
Less: accumulated depreciation	(842,257)
Property and equipment, net	$ 153,443

Depreciation expense for the year-ended December 31, 2021, amounted to $11,435.

NOTE H – UNEARNED REVENUE

Unearned revenue amounting to $36,425, at December 31, 2021, consists of collections received in advance for 2022 rent and membership investments.

NOTE I – FUNDING

Morristown Area Chamber of Commerce receives a substantial amount of support from its membership and budget appropriations for its operations. A major reduction of these funds, should this occur, may have a significant effect on future operations.

NOTE J – EMPLOYEE BENEFIT PLANS

The Organization has adopted a "Savings Incentive Match Plan for Employees of Small Employers" plan that covers all employees who are reasonably expected to receive $5,000 in compensation for the calendar year and employees who have received at least $5,000 in compensation during any 2 calendar years preceding the calendar year. The plan is funded by employer contributions of 2% of each eligible employee's salary depending on the employee's time of service. Employer contributions to the plan amounted to $8,024 for the year-ended December 31, 2021.

NOTE K – OPERATING LEASES

The Organization entered into a non-cancelable 36-month operating lease with minimum lease payments of $410 per month beginning December 2020 for a telephone system with Morristown Utilities.

The Organization entered into a non-cancelable 60-month operating lease with minimum lease payments of $603 per quarter beginning November 2019 for a mailing system with Pitney Bowes.

The Organization entered into a non-cancelable 36-month operating lease with minimum lease payments of $473 per month beginning September 2018 for a 2018 Toyota Highlander vehicle. The Organization extended the lease for 6-months beginning September 2021.

The Organization entered into a non-cancelable 60-month operating lease with minimum lease payments of $214 per month beginning September 2016 for a copier with Cannon Financial Services, Inc.

Lease expense totaled $14,731 for the year-ended December 31, 2021.

Minimum future lease payments required under the various operating lease agreements in effect at December 31, 2021 are: December 31, 2022 - $8,282; December 31, 2023 - $6,925; December 31, 2024 - $2,011.

NOTE L – UNCERTAIN TAX POSITIONS

The Organization has adopted professional standards pertaining to recording uncertain tax positions. As of December 31, 2021, the Organization had no uncertain tax positions that require either recognition or disclosure in the Organization's financial statements.

The Organization's federal income tax returns are subject to possible examination by the taxing authority until the expiration of the related statutes of limitations on those returns. In general, the federal tax returns have a three-year statute of limitations.

NOTE M – ACQUISITION

Effective January 14, 2021, the Organization acquired the assets of Crossroads Partnership. It was the desire of Crossroads Partnership to no longer have an operating entity but rather partner with Morristown Area Chamber of Commerce for future programs.

Net assets acquired:

Cash	$	33,484

NOTE N – EVALUATION OF SUBSEQUENT EVENTS

Management has reviewed subsequent events through February 4, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MORRISTOWN AREA CHAMBER OF COMMERCE
SCHEDULE OF SUPPORT AND REVENUE
YEAR ENDED DECEMBER 31, 2021

	Program Department	Industrial Marketing Department	Downtown Department	Tourism Department	Total All Departments
Membership investments	$ 141,662	$ 79,588	$ -	$ 22,433	$ 243,683
New and increased memberships	20,030	-	-	-	20,030
Annual meeting	19,525	-	-	-	19,525
Golf tournament	14,625	-	-	-	14,625
Rent	5,850	-	-	-	5,850
Over the counter sales	392	-	973	-	1,365
Morristown magazine	13,006	-	-	-	13,006
Membership services	2,400	-	-	-	2,400
Craft beer festival	65,329	-	-	-	65,329
Leadership Morristown	12,125	-	-	-	12,125
Business services committee	24,017	-	-	-	24,017
HYPE (Young Professionals)	3,930	-	-	-	3,930
Interest income	217	-	-	-	217
Marketing revenue	-	142,500	-	-	142,500
Industrial services council	-	53,469	-	-	53,469
RIDA/MUS	-	59,868	-	-	59,868
Industrial revenue bond fee	-	17,500	-	-	17,500
Grants	-	-	-	2,500	2,500
Farmers Market	-	-	8,381	-	8,381
Sponsorships and events	-	-	37,013	-	37,013
Tourism revenue	-	-	83,080	227,987	311,067
TOTAL SUPPORT AND REVENUE	$ 323,108	$ 352,925	$ 129,447	$ 252,920	$1,058,400

See auditors' report.

MACC 2022 Tourism Budget

Income Line Item	Tourism (050)
Membership Investment	$24,200.00
Tourism	$170,000.00
Grants	$6,600.00
Total Income	**$200,800.00**
Expense Line Item	
Salaries	$85,726.00
Retirement Expense	$1,750.00
Payroll Taxes	$6,730.00
Utilities	$3,900.00
Telephone	$750.00
Maintenance	$4,000.00
General Office	$3,700.00
Vehicle Expense	$300.00
Travel	$600.00
Insurance General	$2,800.00
Insurance Employees	$8,600.00
Legal & Accounting	$2,500.00
Dues & Subscriptions	$6,500.00
Postage & Freight	$1,200.00
Staff Development	$2,000.00
Professional Meetings	$1,000.00
Taxes	$2,200.00
Tourism Promotions	$75,000.00
Total Expenses before depreciation	$209,256.00
Profit (loss) before Depreciation	-$8,456.00

FY2022-23 Budget

Hamblen County

Tab 15

Joint Economic & Community Development Board of Hamblen County, TN

PO Box 9 Morristown, TN 37815 Tel: 423/586-6382 Fax: 423/586-6576

March 3, 2022

RECEIVED
MAR 10 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

Ms. Anne Bryant-Hurst, Finance Director
Hamblen County
511 West Second North Street
Morristown, TN 37814

Dear Ms. Bryant-Hurst:

The Joint Economic & Community Development Board of Hamblen County, TN respectfully requests funding in the amount of **$91,000.00** for the upcoming fiscal year.

Section 15 of PC 1101, as codified in T.C.A. §6-58-114, directed the establishment of Joint Economic and Community Development Boards (JECDBs) as entities for broadening the base for economic and community development. The Act provides that funding be apportioned among the counties and municipalities based on population distribution within the county. Each JECDB will be jointly funded by each participating government in the county based upon its share of the total population of the county plus the population of each city within the county. A copy of this act is enclosed for your information.

This funding will be used to foster, promote and finance industrial growth and development in and around Morristown and Hamblen County. This includes support of the Workforce Development initiative as well as existing industry initiatives. The Joint Economic & Community Development Board of Hamblen County, TN at its January meeting approved the attached budget.

Please feel free to contact me if you have any questions.

Sincerely,

Marshall Ramsey
Secretary

MR/jb

Enclosure

TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 17, 2022

Joint Hamblen County Economic Development Board
Marshall Ramsey, President
P.O. Box 9
Morristown, TN 37815

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit **or** an annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $91,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

CHAPTER NO. 1101

SENATE BILL NO. 3278

By Rochelle

Substituted for: House Bill No. 3295

By Kisber, Walley, Rinks, McDaniel, Curtiss

AN ACT To amend Tennessee Code Annotated, Title 4; Title 5; Title 6; Title 7; Title 13; Title 49; Title 67 and Title 68, relative to growth.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. As used in this act, unless the context otherwise requires:

(1) "Committee" means the local government planning advisory committee established by ◆4-3-727.

(2) "Council" means the joint economic and community development council established by Section 15 of this act.

(3) "Growth Plan" means the plan each county must file with the committee by July 1, 2001, as required by the provisions of Section 8.

(4) "Planned growth area" means an area established in conformance with the provisions of Section 7(b) and approved in accordance with the requirements of Section 5.

(5) "Rural area" means an area established in conformance with the provisions of Section 7(c) and approved in accordance with the requirements of Section 5.

(6) "Urban Growth Boundary" means a line encompassing territory established in conformance with the provisions of Section 7(a) and approved in accordance with the requirements of Section 5.

SECTION 2. Tennessee Code Annotated, Title 6, is amended by adding Sections 3 through 16 as a new Chapter 58.

SECTION 3. With this act, the General Assembly intends to establish a comprehensive growth policy for this state that:

(1) Eliminates annexation or incorporation out of fear;

(2) Establishes incentives to annex or incorporate where appropriate;

(3) More closely matches the timing of development and the provision of public services;

(4) Stabilizes each county's education funding base and establishes an incentive for each county legislative body to be more interested in education matters; and

(5) Minimizes urban sprawl.

SECTION 4.

(a) The provisions of this chapter shall not apply to any county having a metropolitan form of government. Provided, however, each such county shall receive full benefit of all incentives available pursuant to Section 10, and each such county shall escape the sanctions imposed by Section 11. Provided, further, any municipality that lies within a county having a metropolitan form of government and another county must establish an urban growth boundary in conjunction with the county containing the territory that is not within the county having a metropolitan form of government.

(b) Notwithstanding the provisions of this act to the contrary, **IF** a metropolitan government charter commission is duly created within any county after the effective date of this act but prior to July 1, 2001, **AND IF** the metropolitan charter proposed by such commission is either rejected or otherwise not ratified by the voters prior to July 1, 2001, **THEN** the sanctions established by Section 11 shall not be imposed in such county prior to July 1, 2002.

SECTION 5.

(a)

(1) Except as otherwise provided pursuant to subdivision (a)(9), effective September 1, 1998, there is created within each county a coordinating committee which shall be composed of the following members:

(A) The county executive or the county executive's designee, to be confirmed by the county legislative body; provided, however, a member of the county legislative body may serve as such designee subject to such confirmation;

(B) The mayor of each municipality or the mayor's designee, to be confirmed by the municipal governing body;

(C) One (1) member appointed by the governing board of the municipally owned utility system serving the largest number of customers in the county;

(D) One (1) member appointed by the governing board of the utility system, not municipally owned, serving the largest number of customers in the county;

(E) One (1) member appointed by the board of directors of the county's soil conservation district, who shall represent agricultural interests;

(F) One (1) member appointed by the board of the local education agency having the largest student enrollment in the county;

(G) One (1) member appointed by the largest chamber of commerce, to be appointed after consultation with any other chamber of commerce within the county; and

(H) Two (2) members appointed by the county executive and two (2) members appointed by the mayor of the largest municipality, to assure broad representation of environmental, construction and homeowner interests.

(2) It shall be the duty of the coordinating committee to develop a recommended growth plan not later than January 1, 2000, and to submit such plan for ratification by the county legislative body and the governing body of each municipality. The recommended growth plan shall identify urban growth boundaries for each municipality within the county and shall identify planned growth areas and rural areas within the county, all in conformance with the provisions of Section 7. In developing a recommended growth plan, the coordinating committee shall give due consideration to such urban growth boundaries as may be timely proposed and submitted to the coordinating committee by each municipal governing body. The coordinating committee shall also give due consideration to such planned growth areas and rural areas as may be timely-proposed and submitted to the coordinating committee by the county legislative body. The coordinating committee is encouraged to utilize planning resources that are available within the county, including municipal or county planning commissions. The coordinating committee is further encouraged to utilize the services of the local planning office of the Department of Economic and Community Development, the county technical assistance service, and the municipal technical advisory service.

(3) Prior to finalization of the recommended growth plan, the coordinating committee shall conduct at least two (2) public hearings. The county shall give at least fifteen (15) days advance notice of the time, place and purpose of each public hearing by notice published in a newspaper of general circulation throughout the county.

(4) Not later than January 1, 2000, the coordinating committee shall submit its recommended growth plan for ratification by the county legislative body and by the governing body of each municipality within the county. Provided, however, and notwithstanding any provision of this act to the contrary, if a municipality is completely contiguous to and surrounded by one or more municipalities, then the corporate limits of the surrounded municipality shall constitute the municipality's urban growth boundaries and such municipality shall not be eligible to ratify or reject the recommended growth plan. Not later than one hundred twenty (120) days after receiving the recommended growth plan, the county legislative body or municipal governing body, as the case may be, shall act to either ratify or reject the recommended growth plan of the coordinating committee. Failure by such county legislative body or any such municipal governing body to act within such one hundred twenty (120) day period shall be deemed to constitute ratification by such county or municipality of the recommended growth plan.

(5) If the county or any municipality therein, rejects the recommendation of the coordinating committee, then the county or municipality shall submit its objections, and the reasons therefor, for resolution in accordance with subsection (b). In resolving disputes arising from disagreements over which urban growth boundary should contain specific territory, due consideration shall be given if one (1) of the municipalities is better able to efficiently and effectively provide urban services within the disputed territory. Due consideration shall also be given if one (1) of the municipalities detrimentally relied upon

priority status conferred under prior annexation law and, thereby, justifiably incurred significant expense in preparation for annexation of the disputed territory.

(6)

(A) A municipality may make binding agreements with other municipalities and with counties to refrain from exercising any power or privilege granted to the municipality by this title, to any degree contained in the agreement including, but not limited to, the authority to annex.

(B) A county may make binding agreements with municipalities to refrain from exercising any power or privilege granted to the county by Title 5, to any degree contained in the agreement including, but not limited to, the authority to receive annexation date revenue.

(C) Any agreement made pursuant to this subdivision need not have a set term, but after the agreement has been in effect for five (5) years, any party upon giving ninety (90) days written notice to the other parties is entitled to a renegotiation or termination of the agreement.

(7)

(A) Notwithstanding any provisions of this chapter or any other provision of law to the contrary, any annexation reserve agreement or any agreement of any kind either between municipalities or between municipalities and counties setting out areas reserved for future municipal annexation and in effect on the effective date of this act are ratified and remain binding and in full force and effect. Any such agreement may be amended from time to time by mutual agreement of the parties. Any such agreement or amendment may not be construed to abrogate the application of any provision of this chapter to the area annexed pursuant to the agreement or amendment.

(B) In any county with a charter form of government, the annexation reserve agreements in effect on January 1, 1998, are deemed to satisfy the requirement of a growth plan. The county shall file a plan based on such agreements with the committee.

(8)

(A) No provision of this chapter shall prohibit written contracts between municipalities and property owners relative to the exercise of a municipality's rights of annexation or operate to invalidate an annexation ordinance done pursuant to a written contract between a municipality and a property owner in existence on the effective date of this act.

(9)

(A) Instead of the coordinating committee created under subsection (a)(1), in any county in which the largest municipality comprises at least sixty percent (60%) of the population of the entire county and on the effective date of this act there is no other municipality in the county with a population in excess of one thousand (1,000), according to the 1990 federal census or any subsequent federal census, the coordinating committee in such county shall be the municipal planning commission of the largest municipality and the county planning commission, if the county has a planning commission. The mayor of the largest municipality and the county executive of such county may jointly appoint as many additional members to the coordinating committee as they may determine. Notwithstanding the provisions of subsection (a) with respect to the adoption or ratification of the recommended growth plan, in any county to which subdivision (9)(A) applies, upon adoption of a recommended growth plan, the coordinating committee shall submit its recommendation to the county legislative body for ratification. The county legislative body may only disapprove the recommendation of the coordinating committee if it makes an affirmative finding, by a two-thirds (2/3) vote, that the committee acted in an arbitrary, or capricious manner or abused its official discretion in applying the law. If the county legislative body disapproves the recommendation of the coordinating committee, then the dispute resolution process of this section shall apply.

(B) Instead of the coordinating committee created pursuant to subsection (a)(1), if the county legislative body and the governing body of each municipality located therein all agree that another entity shall perform the duties assigned by this act to the coordinating committee, then such other entity shall perform such duties of the coordinating committee, and such coordinating committee shall not be created or continued, as the case may be.

(b)

(1) If the county or any municipality rejects the recommended growth plan, then the coordinating committee shall reconsider its action. After such reconsideration, the coordinating committee may recommend a revised growth plan and may submit such revised growth plan for ratification by the county legislative body and the governing body of each municipality. If a

recommended growth plan or revised growth plan is rejected, then the county or any municipality may declare the existence of an impasse and may request the Secretary of State to provide an alternative method for resolution of disputes preventing ratification of a growth plan.

(2) Upon receiving such request, the Secretary of State shall promptly appoint a dispute resolution panel. The panel shall consist of three (3) members, each of whom shall be appointed from the ranks of the administrative law judges employed within the administrative procedures division and each of whom shall possess formal training in the methods and techniques of dispute resolution and mediation. Provided, however, if the county and all municipalities agree, the Secretary of State may appoint a single administrative law judge rather than a panel of three (3) members. No member of such panel, nor the immediate family of any such member or such member's spouse, may be a resident, property owner, official or employee of the county or of any municipality therein.

(3) The panel shall attempt to mediate the unresolved disputes. If, after reasonable efforts, mediation does not resolve such disputes, then the panel shall propose a non-binding resolution thereof. The county legislative body and the municipalities shall be given a reasonable period in which to consider such proposal. If the county legislative body and the municipal governing bodies do not accept and approve such resolution, then they may submit final recommendations to the panel. For the sole purpose of resolving the impasse, the panel shall adopt a growth plan. In mediating the dispute or in making a proposal, the panel may consult with the University of Tennessee or others with expertise in urban planning, growth, and development. The growth plan adopted by the panel shall conform with the provisions of Section 7.

(4) The Secretary of State shall certify the reasonable and necessary costs incurred by the dispute resolution panel, including, but not necessarily limited to, salaries, supplies, travel expenses and staff support for the panel members. The county and the municipalities shall reimburse the Secretary of State for such costs, to be allocated on a pro rata basis calculated on the number of persons residing within each of the municipalities and the number of persons residing within the unincorporated areas of the county; provided, however, if the dispute resolution panel determines that the dispute resolution process was necessitated or unduly prolonged by bad faith or frivolous actions on the part of the county and/or any one (1) or more of the municipalities, then the Secretary of State may, upon the recommendation of the panel, reallocate liability for such reimbursement in a manner clearly punitive to such bad faith or frivolous actions.

(5) If a county or municipality fails to reimburse its allocated or reallocated share of panel costs to the Secretary of State after sixty (60) days notice of such costs, the Department of Finance and Administration shall deduct such costs from such county's or a municipality's allocation of state shared taxes.

(d)

(1) No later than July 1, 2001, the growth plan recommended or revised by the coordinating committee and ratified by the county and each municipality therein or alternatively adopted by a dispute resolution panel shall be submitted to and approved by the local government planning advisory committee. **IF** urban growth boundaries, planned growth areas and rural areas were recommended or revised by a coordinating committee and ratified by the county and each municipality therein, **THEN** the local government planning advisory committee shall grant its approval, and the growth plan shall become immediately effective. In addition, in any county with a charter form of government, the annexation reserve agreements in effect on January 1, 1998, are deemed to satisfy the requirement of a growth plan, and the local government planning advisory committee shall approve such plan. In all other cases, **IF** the local government planning advisory committee determines that such urban growth boundaries, planned growth areas and rural areas conform with the provisions of Section 7, **THEN** the local government planning advisory committee shall grant its approval and the growth plan shall immediately become effective; **HOWEVER, IF** the local government planning advisory committee determines that such urban growth boundaries, planned growth areas and/or rural areas in any way do not conform with the provisions of Section 7, **THEN** the committee shall adopt and grant its approval of alternative urban growth boundaries, planned growth areas and/or rural areas for the sole purpose of making the adjustments necessary to achieve conformance with the provisions of Section 7. Such alternative urban growth boundaries, planned growth areas and/or rural areas shall supersede and replace all conflicting urban growth boundaries, planned growth areas and/or rural areas and shall immediately become effective as the growth plan.

(2) After the local government planning advisory committee has approved a growth plan, the committee shall forward a copy to the county executive who shall file the plan in the register's office. The register may not impose a fee on the county executive for this service.

(e)

(1) After the local government planning advisory committee has approved a growth plan, the plan shall stay in effect for not less than three (3) years absent a showing of extraordinary circumstances. After the expiration of the three (3) year period, a municipality or county may propose an amendment to the growth plan by filing notice with the county executive and with the

mayor of each municipality in the county. Upon receipt of such notice, such officials shall take appropriate action to promptly reconvene or re-establish the coordinating committee. The burden of proving the reasonableness of the proposed amendment shall be upon the party proposing the change. The procedures for amending the growth plan shall be the same as the procedures in this section for establishing the original plan.

(2) In any county with a charter form of government with annexation reserve agreements in effect on January 1, 1998, any municipality or the county may immediately file a proposed amendment after the effective date of this act in accordance with this subsection (e).

SECTION 6. (a) The affected county, an affected municipality, a resident of such county or an owner of real property located within such county is entitled to judicial review under this section, which shall be the exclusive method for judicial review of the growth plan and its urban growth boundaries, planned growth areas and rural areas. Proceedings for review shall be instituted by filing a petition for review in the chancery court of the affected county. Such petition shall be filed during the sixty (60) day period after final approval of such urban growth boundaries, planned growth areas and rural areas by the local government planning advisory committee. In accordance with the provisions of the Tennessee rules of civil procedure pertaining to service of process, copies of the petition shall be served upon the local government planning advisory committee, the county and each municipality located or proposing to be located within the county.

(b) Judicial review shall be de novo and shall be conducted by the chancery court without a jury. The petitioner shall have the burden of proving, by a preponderance of the evidence that the urban growth boundaries, planned growth areas and/or rural areas are invalid because the adoption or approval thereof was granted in an arbitrary, capricious, illegal or other manner characterized by abuse of official discretion. The filing of the petition for review does not itself stay effectiveness of the urban growth boundaries, planned growth areas and rural areas; provided, however, the court may order a stay upon appropriate terms if it is shown to the satisfaction of the court that any party or the public at large is likely to suffer significant injury if such stay is not granted. If more than one (1) suit is filed within the county, then all such suits shall be consolidated and tried as a single civil action.

(c) IF the court finds by a preponderance of the evidence that the urban growth boundaries, planned growth areas and/or rural areas are invalid because the adoption or approval thereof was granted in an arbitrary, capricious, illegal or other manner characterized by abuse of official discretion, THEN an order shall be issued vacating the same, in whole or in part, and remanding the same to the county and the municipalities in order to identify and obtain adoption or approval of urban growth boundaries, planned growth areas and/or rural areas in conformance with the procedures set forth within Section 5.

(d) Any party to the suit, aggrieved by the ruling of the chancery court, may obtain a review of the final judgment of the chancery court by appeal to the court of appeals.

SECTION 7.

(a)

(1) The urban growth boundaries of a municipality shall:

(A) Identify territory that is reasonably compact yet sufficiently large to accommodate residential and nonresidential growth projected to occur during the next twenty (20) years;

(B) Identify territory that is contiguous to the existing boundaries of the municipality;

(C) Identify territory that a reasonable and prudent person would project as the likely site of high density commercial, industrial and/or residential growth over the next twenty (20) years based on historical experience, economic trends, population growth patterns and topographical characteristics; (if available, professional planning, engineering and/or economic studies may also be considered);

(D) Identify territory in which the municipality is better able and prepared than other municipalities to efficiently and effectively provide urban services; and

(E) Reflect the municipality's duty to facilitate full development of resources within the current boundaries of the municipality and to manage and control urban expansion outside of such current boundaries, taking into account the impact to agricultural lands, forests, recreational areas and wildlife management areas.

(2) Before formally proposing urban growth boundaries to the coordinating committee, the municipality shall develop and report population growth projections; such projections shall be developed in conjunction with the University of Tennessee. The municipality shall also determine and report the current costs and the projected costs of core infrastructure, urban

services and public facilities necessary to facilitate full development of resources within the current boundaries of the municipality and to expand such infrastructure, services and facilities throughout the territory under consideration for inclusion within the urban growth boundaries. The municipality shall also determine and report on the need for additional land suitable for high density, industrial, commercial and residential development, after taking into account all areas within the municipality's current boundaries that can be used, reused or redeveloped to meet such needs. The municipality shall examine and report on agricultural lands, forests, recreational areas and wildlife management areas within the territory under consideration for inclusion within the urban growth boundaries and shall examine and report on the likely long-term effects of urban expansion on such agricultural lands, forests, recreational areas and wildlife management areas.

(3) Before a municipal legislative body may propose urban growth boundaries to the coordinating committee, the municipality shall conduct at least two (2) public hearings. Notice of the time, place and purpose of the public hearing shall be published in a newspaper of general circulation in the municipality not less than fifteen (15) days before the hearing.

(b)

(1) Each planned growth area of a county shall:

(A) Identify territory that is reasonably compact yet sufficiently large to accommodate residential and nonresidential growth projected to occur during the next twenty (20) years;

(B) Identify territory that is not within the existing boundaries of any municipality;

(C) Identify territory that a reasonable and prudent person would project as the likely site of high or moderate density commercial, industrial and/or residential growth over the next twenty (20) years based on historical experience, economic trends, population growth patterns and topographical characteristics; (if available, professional planning, engineering and/or economic studies may also be considered);

(D) Identify territory that is not contained within urban growth boundaries; and

(E) Reflect the county's duty to manage natural resources and to manage and control urban growth, taking into account the impact to agricultural lands, forests, recreational areas and wildlife management areas.

(2) Before formally proposing any planned growth area to the coordinating committee, the county shall develop and report population growth projections; such projections shall be developed in conjunction with the University of Tennessee. The county shall also determine and report the projected costs of providing urban type core infrastructure, urban services and public facilities throughout the territory under consideration for inclusion within the planned growth area as well as the feasibility of recouping such costs by imposition of fees or taxes within the planned growth area. The county shall also determine and report on the need for additional land suitable for high density industrial, commercial and residential development after taking into account all areas within the current boundaries of municipalities that can be used, reused or redeveloped to meet such needs. The county shall also determine and report on the likelihood that the territory under consideration for inclusion within the planned growth area will eventually incorporate as a new municipality or be annexed. The county shall also examine and report on agricultural lands, forests, recreational areas and wildlife management areas within the territory under consideration for inclusion within the planned growth area and shall examine and report on the likely long-term effects of urban expansion on such agricultural lands, forests, recreational areas and wildlife management areas.

(3) Before a county legislative body may propose planned growth areas to the coordinating committee, the county shall conduct at least two (2) public hearings. Notice of the time, place and purpose of the public hearing shall be published in a newspaper of general circulation in the county not less than fifteen (15) days before the hearing.

(c)

(1) Each rural area shall:

(A) Identify territory that is not within urban growth boundaries;

(B) Identify territory that is not within a planned growth area;

(C) Identify territory that, over the next twenty (20) years, is to be preserved as agricultural lands, forests, recreational areas, wildlife management areas or for uses other than high density commercial, industrial or residential development; and

(D) Reflect the county's duty to manage growth and natural resources in a manner which reasonably minimizes detrimental impact to agricultural lands, forests, recreational areas and wildlife management areas.

(2) Before a county legislative body may propose rural areas to the coordinating committee, the county shall conduct at least two (2) public hearings. Notice of the time, place and purpose of the public hearing shall be published in a newspaper of general circulation in the county not less than fifteen (15) days before the hearing.

(d) Notwithstanding the extraterritorial planning jurisdiction authorized for municipal planning commissions designated as regional planning commissions in Title 13, Chapter 3, nothing in this act shall be construed to authorize municipal planning commission jurisdiction beyond an urban growth boundary; provided, however, in a county without county zoning, a municipality may provide extraterritorial zoning and subdivision regulation beyond its corporate limits with the approval of the county legislative body.

SECTION 8. Not later than July 1, 2001, a growth plan for each county shall be submitted to and approved by the local government planning advisory committee in accordance with the provisions of Section 5. After a growth plan is so approved, all land use decisions made by the legislative body and the municipality's or county's planning commission shall be consistent with the growth plan. The growth plan shall include, at a minimum, documents describing and depicting municipal corporate limits, as well as urban growth boundaries, planned growth areas, if any, and rural areas, if any, approved in conformance with the provisions of Section 5. The purpose of a growth plan is to direct the coordinated, efficient, and orderly development of the local government and its environs that will, based on an analysis of present and future needs, best promote the public health, safety, morals and general welfare. A growth plan may address land-use, transportation, public infrastructure, housing, and economic development. The goals and objectives of a growth plan include the need to:

(1) Provide a unified physical design for the development of the local community;

(2) Encourage a pattern of compact and contiguous high density development to be guided into urban areas or planned growth areas;

(3) Establish an acceptable and consistent level of public services and community facilities and ensure timely provision of those services and facilities;

(4) Promote the adequate provision of employment opportunities and the economic health of the region;

(5) Conserve features of significant statewide or regional architectural, cultural, historical, or archaeological interest;

(6) Protect life and property from the effects of natural hazards, such as flooding, winds, and wildfires;

(7) Take into consideration such other matters that may be logically related to or form an integral part of a plan for the coordinated, efficient and orderly development of the local community; and

(8) Provide for a variety of housing choices and assure affordable housing for future population growth.

SECTION 9.

(a)

(1) After the effective date of this act but before the approval of the growth plan by the local government planning advisory committee, a municipality may annex territory by ordinance as provided by ◆ 6-51-102 unless the county legislative body adopts a resolution disapproving such annexation within sixty (60) days of the final passage of the annexation ordinance.

(2) If the county disapproves the annexation by adopting a resolution within the sixty (60) day period, then the ordinance shall not become operative until ninety (90) days after final passage subject to the proceedings under this section.

(3) If a quo warranto action is filed to challenge the annexation, if and after the requirements of subsection (b) below are met, a county filing the action has the burden of proving that:

(A) The annexation ordinance is unreasonable for the overall well-being of the communities involved; or

(B) The health, safety, and welfare of the citizens and property owners of the municipality and territory will not be materially retarded in the absence of such annexation.

(4) If the court without a jury finds that the ordinance by a preponderance of the evidence satisfies the requirements of subdivision (a)(3), the annexation ordinance shall take effect.

(b)

(1) If a county disapproves the annexation as provided in subsection (a) and if the county is petitioned by a majority of the property owners by parcel within the territory which is the subject of the annexation to represent their interests, a county shall be deemed an aggrieved owner of property giving the county standing to contest an annexation ordinance. In determining a majority of property owners, a parcel of property with more than one (1) owner shall be counted only once and only if owners comprising a majority of the ownership interests in the parcel petition together as the owner of the particular parcel.

(2) A petition by property owners under this section shall be presented to the county clerk, who shall forward a copy of such petition to the county executive, county assessor of property and the chairperson of the county legislative body. After examining the evidence of title based upon the county records, within fifteen (15) days of receiving the copy of the petition, the assessor of property shall report to the county executive and the chairperson of the county legislative body whether or not in his or her opinion a majority of the property owners by parcel have petitioned the county according to this section.

(3) Notwithstanding any other provision of this chapter, a petition by property owners to the county under this section to contest an annexation shall be brought within sixty (60) days of the final passage of the annexation ordinance, and if the county legislative body adopts a resolution to contest the annexation, the county shall file suit to contest the annexation pursuant to this section within ninety (90) days of the final passage of the annexation ordinance.

(4) If the county or any other aggrieved owner of property does not contest the annexation ordinance under ◆6-51-103 within ninety (90) days of final passage of the annexation ordinance, the ordinance shall become operative ninety (90) days after final passage thereof.

(5) If the county legislative body does not vote to permit the county to contest an annexation, the provision of Section 6-51-103 shall apply.

(c) After the effective date of this act, and before the approval of the growth plan by the local government planning advisory committee, a municipality may not extend its corporate limits by means of corridor annexation of a public right-of-way, or any easement owned by a governmental entity or quasi-governmental entity, railroad, utility company, or federal entity such as the U.S. Army Corps of Engineers or the Tennessee Valley Authority, or natural or man-made waterway, or any other corridor except under the following circumstances:

(1) The annexed area also includes each parcel of property contiguous to the right-of-way, easement, waterway or corridor adjacent on at least one (1) side; or

(2) The municipality receives the approval of the county legislative body of the county wherein the territory proposed to be annexed lies; or

(3) The owners of the property located at the end of the corridor petitioned the municipality for annexation, such owners agree to pay for necessary improvements to infrastructure on such property, such owners' property totals three (3) acres or more and is located within one and one-half (1.5) miles of the existing boundaries of the municipality, and the corridor annexation does not constitute an extension of any previous corridor annexation.

(d) Nothing in this section shall be construed to prevent a municipality from proposing extension of its corporate limits by the procedures in Sections 6-51-104 and 105. Provided, further, if the territory proposed to be annexed does not have any residents, such annexation may be accomplished only with the concurrence of the county as provided in (a) above.

(e) After the effective date of this act a municipality may not annex by ordinance upon its own initiative territory in any county other than the county in which the city hall of the annexing municipality is located, unless one (1) of the following applies:

(1) A municipality that is located in two (2) or more counties as of November 25, 1997, may annex by ordinance in all such counties, unless the percentage of the municipal population residing in the county or counties other than that in which the city hall is located is less than seven percent (7%) of the total population of the municipality; or

(2) A municipality may annex by ordinance with the approval by resolution of the county legislative body of the county in which the territory proposed to be annexed is located; or

(3) A municipality may annex by ordinance in any county in which, on January 1, 1998, the municipality provided sanitary sewer service to a total of one hundred (100) or more residential customers, commercial customers, or a combination thereof.

(4) This subsection (e) shall not affect any annexation ordinance adopted on final reading by a municipality prior to the effective date of this act, if such ordinance annexed property within the same county where the municipality is located or annexed property in a county other than the county in which the city hall is located if the property is used or is to be used only for industrial purposes.

(f)

(1) After the effective date of this act but prior to January 1, 1999, a new city may be incorporated under the provisions of this act as long as the population requirements and the distance requirements of Sections 6-1-201, 6-18-103 or 6-30-103 and the requirements of Section 13(c) of this act are met.

(2) After January 1, 1999, a new municipality may only be incorporated in accordance with this act and with an adopted growth plan.

(3)

(A) Notwithstanding any other provision of law to the contrary, if any territory with not less than two hundred twenty-five (225) residents acted pursuant to Chapter 98 of the Public Acts of 1997 or Chapter 666 of the Public Acts of 1996 from January 1, 1996, through November 25, 1997, and held an incorporation election, and a majority of the persons voting supported the incorporation, and results of such election were certified, then such territory upon filing a petition as provided in ◆ 6-1-202, may conduct another incorporation election.

(B) If such territory votes to incorporate, the new municipality shall have priority over any prior or pending annexation ordinance of an existing municipality which encroaches upon any territory of the new municipality. Such new municipality shall comply with the requirements of Section 13(c) of this act.

SECTION 10.

(a) Upon approval of the growth plan by the local government planning advisory committee but beginning no earlier than July 1, 2000, each municipality within the county and the county shall receive an additional five (5) points on a scale of one hundred (100) points or a comparable percentage increase as determined by the commissioner in any evaluation formula for the allocation of private activity bond authority and for the distribution of grants from the department of economic and community development for the:

(1) Tennessee Industrial Infrastructure Program;

(2) Industrial Training Service Program; and

(3) Community Development Block Grants.

(b) Upon approval of the growth plan by the local government planning advisory committee but beginning no earlier than July 1, 2000, each municipality within the county and the county shall receive an additional five (5) points on a scale of one hundred (100) points or a comparable percentage increase as determined by the commissioner if permissible under federal requirements in any evaluation formula for the distribution of grants from the Department of Environment and Conservation for state revolving fund loans for water and sewer systems; provided, however, no such preferences shall be granted if prohibited by federal law or regulation.

(c) Upon approval of the growth plan by the local government planning advisory committee but beginning no earlier than July 1, 2000, each municipality within the county and the county shall receive an additional five (5) points on a scale of one hundred (100) points or a comparable percentage increase as determined by the executive director in any evaluation formula for the distribution of HOUSE or HOME grants from the Tennessee Housing Development Authority or low income tax credits or private activity bond authority; provided, however, no such preferences shall be granted if prohibited by federal law or regulation.

SECTION 11. Effective July 1, 2001, the following loan and grant programs shall be unavailable in those counties and municipalities that do not have growth plans approved by the local government planning advisory committee, and shall remain unavailable until growth plans have been approved:

(1) Tennessee Housing Development Agency Grant Programs;

(2) Community Development Block Grants;

(3) Tennessee Industrial Infrastructure Program Grants;

(4) Industrial Training Service Grants;

(5) Intermodal Surface Transportation Efficiency Act funds or any subsequent federal authorization for transportation funds; and

(6) Tourism Development Grants.

SECTION 12.

(a) Within a municipality's approved urban growth boundaries, a municipality may use any of the methods in Title 6, Chapter 51 to annex territory. Provided, however, if a quo warranto action is filed to challenge the annexation, the party filing the action has the burden of proving that:

(1) An annexation ordinance is unreasonable for the overall well-being of the communities involved; or

(2) The health, safety, and welfare of the citizens and property owners of the municipality and territory will not be materially retarded in the absence of such annexation.

(b) In any such action, the action shall be tried by the circuit court judge or chancellor without a jury.

(c) A municipality may not annex territory by ordinance beyond its urban growth boundary without following the procedure in subsection (d).

(d)

(1) If a municipality desires to annex territory beyond its urban growth boundary, the municipality shall first propose an amendment to its urban growth boundary with the coordinating committee under the procedure in Section 5.

(2) As an alternative to proposing a change in the urban growth boundary to the coordinating committee, the municipality may annex the territory by referendum as provided in ►►6-51-104 and 6-51-105.

SECTION 13.

(a)

(1) After January 1, 1999, a new municipality may only be created in territory approved as a planned growth area in conformity with the provisions of Section 5;

(2) A county may provide or contract for the provision of services within a planned growth area and set a separate tax rate specifically for the services provided within a planned growth area; and

(3) A county may establish separate zoning regulations within a planned growth area, for territory within an urban growth boundary or within a rural area.

(b) An existing municipality which does not operate a school system or a municipality incorporated after the effective date of this act, may not establish a school system.

(c) A municipality, incorporated after the effective date of this act, shall impose a property tax that raises an amount of revenue not less than the amount of the annual revenues derived by the municipality from state shared taxes. The municipality shall levy and collect the property tax before the municipality may receive state shared taxes. Furthermore, the provisions of Tennessee Code Annotated, Section 6-51-115(b), shall apply within the territory of such newly incorporated municipality as if such territory had been annexed rather than incorporated.

(d)

(1) If the residents of a planned growth area petition to have an election of incorporation, the county legislative body shall approve the corporate limits and the urban growth boundary of the proposed municipality before the election to incorporate may be held.

(2) Within six (6) months of the incorporation election, the municipality shall adopt by ordinance a plan of services for the services the municipality proposes to deliver. The municipality shall prepare and publish its plan of services in a newspaper of general circulation distributed in the municipality. The rights and remedies of ◆6-51-108 apply to the plan of services adopted by the municipality.

SECTION 14. Until December 31, 2002, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) shall monitor implementation of this act and shall periodically report its findings and recommendations to the General Assembly. Each agency of the executive branch, each municipal and county official, each local government organization, including any planning commission and development district, shall cooperate with the commission and provide necessary information and assistance for the commission's reports. TACIR reserve funds may be expended for the purpose of performing duties assigned by this section.

SECTION 15.

(a) It is the intent of the General Assembly that local governments engage in long-term planning, and that such planning be accomplished through regular communication and cooperation among local governments, the agencies attached to them, and the agencies that serve them. It is also the intent of the General Assembly that the growth plans required by this bill result from communication and cooperation among local governments.

(b) There shall be established in each county a joint economic and community development board which shall be established by interlocal agreement pursuant to Tennessee Code Annotated, Section 5-1-113. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens.

(c) Each joint economic and community development board shall be composed of representatives of county and city governments, private citizens, and present industry and businesses. The final makeup of the board shall be determined by interlocal agreement but shall, at a minimum, include the county executive and the mayor or city manager, if appropriate, of each city lying within the county and one (1) person who owns land qualifying for classification and valuation under Tennessee Code Annotated, Title 67, Chapter 5, Part 10. Provided, however, in cases where there are multiple cities, smaller cities may have representation on a rotating basis as determined by the interlocal agreement.

(d) There shall be an executive committee of the board which shall be composed of members of the joint economic and community development board selected by the entire board. The makeup of the executive committee shall be determined by the entire joint economic and community development board but shall, at a minimum, include the county executive and the mayors or city manager of the larger municipalities in the county.

(e) The terms of office shall be determined by the interlocal agreement but shall be staggered except for those positions held by elected officials whose terms shall coincide with the terms of office for their elected positions. All terms of office shall be for a maximum of four (4) years.

(f) The board shall meet, at a minimum, four (4) times annually and the executive committee of the board shall meet at least eight (8) times annually. Minutes of all meetings of the board and the executive committee shall be documented by minutes kept and certification of attendance. Meetings of the joint economic and community development board and its executive committee are subject to the open meetings law.

(g)

(1) The activities of the board shall be jointly funded by the participating governments. The formula for determining the amount of funds due from each participating government shall be determined by adding the population of the entire county as established by the last federal decennial census to the populations of each city as determined by the last federal decennial census, or special census as provided for in Section 6-51-114, and then determining the percentage that the population of each governmental entity bears to the total amount.

(2) If a special census has been certified pursuant to Tennessee Code Annotated, Section 6-51-114, during the five (5) year period after certification of the last federal decennial census, the formula shall be adjusted by the board to reflect the result of the special census. Provided, however, the board shall only make such an adjustment during the fifth year following the certification of a federal decennial census.

(3) The board may accept and expend donations, grants and payments from persons and entities other than the participating governments.

(4) If, on the effective date of this act, a county and city government have a joint economic and community development council which has an established funding mechanism to carry out a unified economic and community development program for the entire county, such funding mechanism shall be utilized in lieu of the formula established in this subsection.

(h) An annual budget to fund the activities of the board shall be recommended by the executive committee to the board which shall adopt a budget before the first day of April of each year. The funding formula established by this act shall then be applied to the total amount budgeted by the board as the participating governments' contributions for the ensuing fiscal year. The budget and a statement of the amount due from each participating government shall be immediately filed with the appropriate officer of each participating government. In the event a participating government does not fully fund its contribution, the board may establish and impose such sanctions or conditions as it deems proper.

(i) When applying for any state grant a city or a county shall certify its compliance with the requirements of this section.

(j) If there exists within a county a similar organization on the effective date of this act, that organization may satisfy the requirements of this section. The county executive shall file a petition with the committee who shall make a determination whether the existing organization is sufficiently similar to the requirements of this section. When the committee has made its determination, an affected municipality or county may rely upon that status of the existing organization to satisfy the certification requirements of subsection (i).

SECTION 16. The provisions of this chapter shall not apply to any annexation ordinance that was pending, but not yet effective, on November 25, 1997.

SECTION 17.

SECTION 18. (a) Tennessee Code Annotated, Section 7-2-101, is amended by adding the following as subdivision (4):

(4) The commission may be created upon receipt of a petition, signed by qualified voters of the county, equal to at least ten percent (10%) of the number of votes cast in the county for governor in the last gubernatorial election.

(A) Such petition shall be delivered to the county election commission for certification. After the petition is certified, the county election commission shall deliver the petition to the governing body of the county and the governing body of the principal city in the county. Such petition shall become the consolidation resolution of the county and the principal city in the county. The resolution shall provide that a metropolitan government charter commission is established to propose to the people the consolidation of all, or substantially all, of the government and corporate functions of the county and its principal city and the creation of a metropolitan government for the administration of the consolidated functions.

(B) Such resolution shall either:

(i) Authorize the county executive or county mayor to appoint ten (10) commissioners, subject to confirmation by the county governing body, and authorize the mayor of the principal city to appoint five (5) commissioners, subject to confirmation by the city governing body; or

(ii) Provide that an election shall be held to select members of the metropolitan government charter commission; provided, however, if the governing body of the county and the governing body of the principal city cannot agree on the method of selecting members of the metropolitan government charter commission within sixty (60) days of certification, then an election shall be held to select members of the metropolitan government charter commission as provided in Section 7-2-102.

(C) It is the legislative intent that the persons appointed to the charter commission shall be broadly representative of all areas of the county and principal city and that every effort shall be made to include representatives from various political, social, and economic groups within the county and principal municipality.

(D) When such resolution shall provide for the appointment of commissioners of the county and city, the metropolitan government charter commission shall be created and duly constituted after appointments have been made and confirmed.

(E) When such resolution shall provide for an election to select members of the metropolitan government charter commission, copies thereof shall be certified by the clerk of the governing bodies to the county election commission, and thereupon an election shall be held as provided in Section 7-2-102.

(F) When the consolidation resolution provides for the appointment of members of the metropolitan government charter commission, such appointments shall be made within thirty (30) days after the resolution is submitted to the governing bodies of the county and the principal city.

(G) If the referendum to approve consolidation fails, another commission may not be created by petition for three (3) years.

(b) Tennessee Code Annotated, Section 7-2-101(1)(B)(i), is amended by deleting the words "presiding officer of the county governing body" and substituting instead the words "county executive or county mayor".

(c) Tennessee Code Annotated, Section 7-2-101(2)(B), is amended by deleting the words "presiding officer of the county governing body" and substituting instead the words "county executive or county mayor".

(d) Tennessee Code Annotated, Section 7-2-101(2)(B)(i), is amended by deleting wherever they may appear, the words "presiding officer of the county governing body" and substituting instead the words "county executive or county mayor".

SECTION 19. Tennessee Code Annotated, Section 6-51-102, is amended by deleting subsection (b) and substituting instead the following:

(b)

(1) Before any territory may be annexed under this section by a municipality, the governing body shall adopt a plan of services establishing at least the services to be delivered and the projected timing of the services. The plan of services shall be reasonable with respect to the scope of services to be provided and the timing of the services.

(2) The plan of services shall include, but not be limited to: police protection, fire protection, water service, electrical service, sanitary sewer service, solid waste collection, road and street construction and repair, recreational facilities and programs, street lighting, and zoning services. The plan of services may exclude services which are being provided by another public agency or private company in the territory to be annexed other than those services provided by the county.

(3) The plan of services shall include a reasonable implementation schedule for the delivery of comparable services in the territory to be annexed with respect to the services delivered to all citizens of the municipality.

(4) Before a plan of services may be adopted, the municipality shall submit the plan of services to the local planning commission, if there is one, for study and a written report, to be rendered within ninety (90) days after such submission, unless by resolution of the governing body a longer period is allowed. Before the adoption of the plan of services, a municipality shall hold a public hearing. Notice of the time, place, and purpose of the public hearing shall be published in a newspaper of general circulation in the municipality not less than fifteen (15) days before the hearing. The notice shall include the locations of a minimum of three (3) copies of the plan of services which the municipality shall provide for public inspection during all business hours from the date of notice until the public hearing.

(5) A municipality may not annex any other territory if the municipality is in default on any prior plan of services.

(6) If a municipality operates a school system, and if the municipality annexes territory during the school year, any student may continue to attend his or her present school until the beginning of the next succeeding school year unless the respective boards of education have provided otherwise by agreement.

SECTION 20. Tennessee Code Annotated, Section 6-51-102(a)(2), is amended by adding the following new subdivisions:

(2)

(A) If an annexation ordinance was not final on November 25, 1997, and if the municipality has not prepared a plan of services, the municipality shall have sixty (60) days to prepare a plan of services.

(B)

(1) For any plan of services that is not final on the effective date of this act or for any plan of services adopted after the effective date and before the approval of the growth plan by the committee, the county legislative body of the county where the territory subject to the plan of services is located may file a suit in the nature of a quo warranto proceeding to contest the reasonableness of the plan of services.

(2) If the county is petitioned by a majority of the property owners by parcel within the territory which is the subject of the plan of services to represent their interests, a county shall be deemed an aggrieved owner of property giving the county standing to contest the reasonableness of the plan of services. In determining a majority of property owners, a parcel of property with more than one (1) owner shall be counted only once and only if owners comprising a majority of the ownership interests in the parcel petition together as the owner of the particular parcel.

(3) A petition by property owners under this section shall be presented to the county clerk, who shall forward a copy of such petition to the county executive, county assessor of property and the chairperson of the county legislative body. After examining the evidence of title based upon the county records, within fifteen (15) days of receiving the copy of the petition, the assessor of property shall report to the county executive and the chairperson of the county legislative body whether or not in his or her opinion a majority of the property owners by parcel have petitioned the county according to this section.

(4) Notwithstanding any other provision of this chapter, a petition by property owners to the county under this section to contest the reasonableness of the plan of services shall be brought within sixty (60) days of the final adoption of the plan of services, and if the county legislative body adopts a resolution to contest the plan of services, the county shall file suit to contest the plan of services pursuant to this section within ninety (90) days of the final adoption of the plan of services.

(C) If the court finds the plan of services to be unreasonable, or to have been done by exercise of powers not conferred by law, an order shall be issued vacating the same, and the order shall require the municipality to submit a revised plan of services for the territory within thirty (30) days; provided, however, by motion the municipality may request to abandon the plan of services, and in such case the municipality is prohibited from annexing by ordinance any part of such territory proposed for annexation for not less than twenty-four (24) months. In the absence of such finding, an order shall be issued sustaining the validity of such plan of services ordinance, which shall then become operative thirty-one (31) days after judgment is entered unless an abrogating appeal has been taken therefrom.

(D) If a municipal plan of services has been challenged in court under this section and if the court has rendered a decision adverse to the plan, then a municipality may not annex any other territory by ordinance until the court determines the municipality is in compliance.

SECTION 21.

(a) Tennessee Code Annotated, Section 6-51-108(b), is amended by deleting the first sentence and substituting instead the following:

Upon the expiration of six (6) months from the date any annexed territory for which a plan of service has been adopted becomes a part of the annexing municipality, and annually thereafter until services have been extended according to such plan, there shall be prepared and published in a newspaper of general circulation in the municipality a report of the progress made in the preceding year toward extension of services according to such plan, and any changes proposed therein. The governing body of the municipality shall publish notice of a public hearing on such progress reports and changes, and hold such hearing thereon.

(b) Tennessee Code Annotated, Section 6-51-108, is amended by deleting the next to the last sentence in subsection (b) and by adding the following as new subsections (c) and (d):

(c) A municipality may amend a plan of services by resolution of the governing body only after a public hearing for which notice has been published at least fifteen (15) days in advance in a newspaper of general circulation in the municipality when:

(1) The amendment is reasonably necessary due to natural disaster, act of war, act of terrorism, or reasonably unforeseen circumstances beyond the control of the municipality; or

(2) The amendment does not materially or substantially decrease the type or level of services or substantially delay the provision of services specified in the original plan; or

(3) The amendment:

(i) Proposes to materially and substantially decrease the type or level of services under the original plan or to substantially delay those services; and

(ii) Is not justified under (c)(1); and

(iii) Has received the approval in writing of a majority of the property owners by parcel in the area annexed. In determining a majority of property owners, a parcel of property with more than one (1) owner shall be counted only once and only if owners comprising a majority of the ownership interests in the parcel petition together as the owner of the particular parcel.

(d) An aggrieved property owner in the annexed territory may bring an action in the appropriate court of equity jurisdiction to enforce the plan of services at any time after one hundred eighty (180) days after an annexation by ordinance takes effect and until the plan of services is fulfilled, and may bring an action to challenge the legality of an amendment to a plan of services if such action is brought within thirty (30) days after the adoption of the amendment to the plan of services. If the court finds

that the municipality has amended the plan of services in an unlawful manner, then the court shall decree the amendment null and void and shall reinstate the previous plan of services. If the court finds that the municipality has materially and substantially failed to comply with its plan of services for the territory in question, then the municipality shall be given the opportunity to show cause why the plan of services was not carried out. If the court finds that the municipality's failure is due to natural disaster, act of war, act of terrorism, or reasonably unforeseen circumstances beyond the control of the municipality which materially and substantially impeded the ability of the municipality to carry out the plan of services, then the court shall alter the timetable of the plan of services so as to allow the municipality to comply with the plan of services in a reasonable time and manner. If the court finds that the municipality's failure was not due to natural disaster, act of war, act of terrorism, or reasonably unforeseen circumstances beyond the control of the municipality which materially and substantially impeded the ability of the municipality to carry out the plan of services, then the court shall issue a writ of mandamus to compel the municipality to provide the services contained in the plan, shall establish a timetable for the provision of the services in question, and shall enjoin the municipality from any further annexations until the services subject to the court's order have been provided to the court's satisfaction, at which time the court shall dissolve its injunction. If the court determines that the municipality has failed without cause to comply with the plan of services or has unlawfully amended its plan of services, the court shall assess the costs of the suit against the municipality.

SECTION 22. For any land that is presently used for agricultural purposes, a municipality may not use its zoning power to interfere in any way with the use of such land for agricultural purposes as long as the land is used for agricultural purposes.

SECTION 23. Tennessee Code Annotated, Title 6, Chapter 51, Part 1, is amended by adding the following as a new section:

Section __. No provision of this act applies to an annexation in any county with a metropolitan form of government in which any part of the general services district is annexed into the urban services district. Provided, however, any section of Title 6, Chapter 51, Part 1, specifically referenced on the effective date of this act in the charter of any county with a metropolitan form of government shall refer to the language of such sections in effect on January 1, 1998.

SECTION 24. Tennessee Code Annotated, Section 6-51-115, is amended by designating the existing section as subsection (a), renumbering present subsections as subdivisions, and adding the following as new subsections:

(b) In addition to the preceding provisions of this section, when a municipality annexes territory in which there is retail or wholesale activity at the time the annexation takes effect or within three (3) months after the annexation date, the following shall apply:

(1) Notwithstanding the provisions of Section 57-6-103 or any other law to the contrary, for wholesale activity involving the sale of beer, the county shall continue to receive annually an amount equal to the amount received by the county in the twelve (12) months immediately preceding the effective date of the annexation for beer establishments in the annexed area that produced Wholesale Beer Tax revenues during that entire twelve (12) months. For establishments that produced Wholesale Beer Tax revenues for at least one (1) month but less than the entire twelve (12) month period, the county shall continue to receive an amount annually determined by averaging the amount of Wholesale Beer Tax revenue produced during each full month the establishment was in business during that time and multiplying this average by twelve (12). For establishments which did not produce revenue before the annexation date but produced revenue within three (3) months after the annexation date, and for establishments which produced revenue for less than a full month prior to annexation, the county shall continue to receive annually an amount determined by averaging the amount of Wholesale Beer Tax revenue produced during the first three (3) months the establishment was in operation and multiplying this average by twelve (12). The provisions of this subdivision are subject to the exceptions in subsection (c). A municipality shall only pay the county the amount required by this subdivision, for a period of fifteen (15) years.

(2) Notwithstanding the provisions of Section 67-6-712 or any other law to the contrary, for retail activity subject to the Local Option Revenue Act, the county shall continue to receive annually an amount equal to the amount of revenue the county received pursuant to Section 67-6-712(a)(2)(A) in the twelve (12) months immediately preceding the effective date of the annexation for business establishments in the annexed area that produced Local Option Revenue Act revenue during that entire twelve (12) months. For business establishments that produced such revenues for more than a month but less than the full twelve (12) month period, the county shall continue to receive an amount annually determined by averaging the amount of Local Option Revenue produced by the establishment and allocated to the county under Section 67-6-712(a)(2)(A) during each full month the establishment was in business during that time and multiplying this average by twelve (12). For business establishments which did not produce revenue before the annexation date and produced revenue within three (3) months after the annexation date, and for establishments which produced revenue for less than a full month prior to annexation, the county shall continue to receive annually an amount determined by averaging the amount of Local Option Revenue produced and allocated to the county under Section 67-6-712(a)(2)(A) during the first three (3) months the establishment was in operation and multiplying this average by twelve (12). The provisions of this subdivision are subject to the exceptions in subsection (c). A municipality shall only pay the county the amount required by this subdivision, for a period of fifteen (15) years.

(c) Subsection (b) is subject to these exceptions:

(1) Subdivision (b)(1) ceases to apply as of the effective date of the repeal of the Wholesale Beer Tax, should this occur.

(2) Subdivision (b)(2) ceases to apply as of the effective date of the repeal of the Local Option Revenue Act, should this occur.

(3) Should the General Assembly reduce the amount of revenue from the Wholesale Beer Tax or the Local Option Revenue Act, accruing to municipalities by changing the distribution formula, the amount of revenue accruing to the county under subsection (b) will be reduced proportionally as of the effective date of the reduction.

(4) A county, by resolution of its legislative body, may waive its rights to receive all or part of the revenues provided by subsection (b). In these cases, the revenue shall be distributed as provided in Sections 57-6-103 and 67-6-712 of the respective tax laws unless otherwise provided by agreement between the county and municipality.

(5) Annual revenues paid to a county by or on behalf of the annexing municipality are limited to the annual revenue amounts provided in subsection (b) and known as "annexation date revenue" as defined in subdivision (e)(2). Annual situs-based revenues in excess of the "annexation date revenue" allocated to one (1) or more counties shall accrue to the annexing municipality. Any decrease in the revenues from the situs-based taxes identified in subsection (b) shall not affect the amount remitted to the county or counties pursuant to subsection (b) except as otherwise provided in this subsection. Provided, however, a municipality may petition the Department of Revenue no more often than annually to adjust annexation date revenue as a result of the closure or relocation of a tax producing entity.

(d)

(1) It is the responsibility of the county within which the annexed territory lies to certify and to provide to the department of revenue a list of all tax revenue producing entities within the proposed annexation area.

(2) The Department of Revenue shall determine the local share of revenue from each tax listed in this section generated within the annexed territory for the year before the annexation becomes effective, subject to the requirements of subsection (b). This revenue shall be known as the "annexation date revenue".

(3) The Department of Revenue with respect to the revenues described in subdivision (b)(2), and the municipality with respect to the revenues described in subdivision (b)(1), shall annually distribute an amount equal to the annexation date revenue to the county of the annexed territory.

SECTION 25. Tennessee Code Annotated, Section 13-3-102, is amended by inserting in the first sentence between the words "is" and "more" the language "outside the municipality's urban growth boundary or, if no such boundary exists,".

SECTION 26. Tennessee Code Annotated, Section 13-3-401(2), is amended by inserting between the words "is" and "more" the language "outside the municipality's urban growth boundary or, if no such boundary exists,".

SECTION 27. Tennessee Code Annotated, Section 6-1-201(b), is amended by adding the following language as subdivision (1):

If any part of the unincorporated territory proposed for incorporation is within five (5) miles of an existing municipality of one hundred thousand (100,000) or more according to the most recent federal census and if the governing body of such municipality adopts a resolution by a two-thirds (2/3) vote indicating that the municipality has no desire to annex the territory, such territory may be included in a proposed new municipality. A petition for incorporation shall include a certified copy of such resolution from the affected municipality.

SECTION 28. Tennessee Code Annotated, Section 6-1-202, is amended by deleting subsection (a) and substituting instead the following:

The county election commission shall hold an election for the purpose of determining whether this charter shall become effective for any municipality or newly incorporating territory upon the petition in writing of at least thirty-three and one-third percent (33 1/3%) of the registered voters of the municipality or territory. The petition shall include a current list of the registered voters who live within the proposed territory. The petition shall state in a sufficient manner the boundaries of the proposed municipal corporation, which may be done by a general reference to the boundaries then existing if there is one. Upon receipt of the petition the county election commission shall examine the petition to determine the validity of the signatures in accordance with Section 2-1-107. The county election commission shall have a period of twenty (20) days to certify whether the petition has the sufficient number of signatures of registered voters. If the petition is sufficient to call for

an election on the issue of incorporation, the county election commission shall hold an election, providing options to vote "FOR" or "AGAINST" the incorporation of the new charter, not less than forty-five (45) days nor more than sixty (60) days after the petition is certified. The date of the election shall be set in accordance with Section 2-3-204. The county election commission shall, in addition to all other notices required by law, publish one (1) notice of the election in a newspaper of general circulation within the territory of the municipality or of the proposed municipality, and post the notice in at least three (3) places in the territory.

SECTION 29. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 30. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 1, 1998

APPROVED this 19th day of May 1998

Joint Morristown-Hamblen
Economic and Community Development Board
Proposed Budget

Income

City of Morristown Contribution	$71,500.00
Hamblen County Contribution	$91,000.00
Total Income	**$162,500.00**

Expenses

Marketing & Recruitment	$90,500.00
Existing Industry Support	$52,000.00
Workforce Development	$20,000.00
Total Expenses	**$162,500.00**

Contribution Requests

for

FY2022-23 Budget

Hamblen County

Tab 16

MORRISTOWN HAMBLEN
IMAGINATION LIBRARY
ADVISORY COUNCIL

RECEIVED
MAR 14 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

March 14, 2022

Hamblen County Commission:

The Morristown Hamblen Imagination Library Advisory Council (MH-IMLAC) is asking the Hamblen County Commission to continue its Commission partnership by appropriating $5,000 to support the 2022-23 Hamblen County Imagination Library Program.

The local program is funded 50% by the State Legislature, through the Governor's Early Literacy Foundation (GELF – formerly GBBF – renamed by Governor Lee), and 50% through local partner donations. The County's contribution will join that of other local partners to provide Dolly Parton's Imagination Library books monthly to each registered Morristown and Hamblen County birth-to-5-year-old child.

Per the 2010 US Census there are 4,000 birth-to-five-year-old children in Morristown and Hamblen County. The goal of the MH-IMLAC is to continuing increasing the number of children enrolled and receiving programming in this vital literacy effort as well as to insure the long-term sustainability of the program.

We greatly appreciate your partnership in this effort,

Ann Cranford

Ann Cranford, Corresponding Secretary
Morristown-Hamblen Imagination Library Advisory Council

(423) 312-1562
anncran@musfiber.com

TENNESSEE
Hamblen County
SERVICE · COMMUNITY · INDUSTRY
FINANCE DEPARTMENT

RECEIVED
MAR 14 2022
OFFICE OF THE
HAMBLEN COUNTY MAYOR

February 17, 2022

Imagination Library
Ann Cranford
anncran@musfiber.com

We have begun the 2022-2023 budget process. In order to be considered for a contribution from Hamblen County, we are requiring certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA).*

Please provide us with *unbound/unstapled* copies of the following items:

1) 3 copies of proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
   Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue

2) 3 copies of most current audit or annual report detailing all receipts and expenditures, and

3) 3 copies of most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Friday, March 18, 2022**. If you have any questions please feel free to contact me.

Sincerely,

Anne Bryant-Hurst
Hamblen County Finance Director

2021-2022 Contribution: $5,000

Anne Bryant-Hurst, Finance Director
511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699
www.HamblenCountyTN.gov • *email.* bbrittain@co.hamblen.tn.us

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 01 2004

GOVERNORS BOOKS FROM BIRTH
FOUNDATION
C/O R TODD ERVIN
PO BOX 198062
NASHVILLE, TN 37219

Employer Identification Number:
20-1115704
DLN:
17053258079044
Contact Person:
ZENIA LUK ID# 31522
Contact Telephone Number
(877) 829-5500

Accounting Period Ending
JUNE 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
YES
Effective Date of Exemption:
MARCH 15, 2004
Contribution Deductibility:
YES

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

If you distribute funds to other organizations, your records must show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence the funds will be used for section 501(c)(3) purposes.

GOVERNORS BOOKS FROM BIRTH

Sincerely,

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)

Letter 947 (DO/CG)

Morristown Hamblen Imagination Library Advisory Council
Profit & Loss
1/1/2021 - 12/31/2021

Ordinary Income/Expense		
Income		
Sponsor - Walmart		1,500.00
Sponsor - HC*Excell		5,000.00
Sponsor - Colortech		2,000.00
Sponsor - MH Healthcare System		1,000.00
Sponsor - Morristown Housing Authority		2,500.00
Sponsor - Hamblen County		0.00
Sponsor - City of Morristown		0.00
Sponsor - Hamblen County Board of Education		0.00
Sponsor - Kiwanis		5,000.00
Sponsor - Rotary AM		5,000.00
Sponsor - GFL Environmental		5,000.00
Sponsor - Rogers Foundation		2,000.00
Sponsor - First United Methodist Sunday School		1,600.00
Individual Donations		505.00
Board Member Donations		300.00
Total Income		31,405.00
Expense		
OPERATIONS		
Governor's Early Literacy Foundation	29,701.26	
Total Operation Expenses		29,701.26
Other Types of Expenses		
D&O Liability Insurance	750.00	
Total Other Types of Expenses		750.00
Total Expenses		30,451.26
Net Ordinary Income		953.74
Net Income		953.74

Morristown Hamblen Imagination Library Advisory Council

Profit & Loss Budget vs. Actual

January through December (2021 - Actual) (2022 - Budget)

	Actual 2021	Budget 2022
Ordinary Income/Expense		
Income		
Sponsors	30,600.00	35,750.00
Miscellaneous Income / Contributions	805.00	0.00
Total Income	31,405.00	35,750.00
Expense		
Operations		
Governor's Books from Birth	29,701.26	32,000.00
Insurance - D&O Liability	750.00	800.00
Postage, Mailing	0.00	200.00
Payroll / Coordinator Expense	0.00	1,600.00
Travel	0.00	800.00
Total Expense	30,451.26	35,400.00
Net Income	**953.74**	**350.00**
Held In Reserve Account for Future Years	(953.74)	(350.00)
Budget Variance	0.00	-