

HELEN ROSS McNABB CENTER, INC.

Knoxville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021



HELEN ROSS McNABB CENTER, INC.
CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

| | <u>Page Number</u> |
|---|------------------------|
| INTRODUCTORY SECTION | |
| Roster of Officials | i |
| FINANCIAL SECTION | |
| Independent Auditor's Report..... | 1-2 |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities | 4-7 |
| Consolidated Statements of Cash Flows..... | 8 |
| Consolidated Statements of Functional Expenses..... | 9-10 |
| Notes to the Consolidated Financial Statements | 11-22 |
| SUPPLEMENTARY SECTION | |
| Schedule of Expenditures of Federal and State Awards..... | 23-31 |
| Notes to the Schedule of Expenditures of Federal and State Awards | 32 |
| Schedule I - Consolidating Statements of Financial Position - June 30, 2022 and June 30, 2021 | 33-34 |
| Schedule II - Consolidating Statements of Activities - For the Years Ended June 30, 2022 and June 30, 2021 | 35-36 |
| INTERNAL CONTROL AND COMPLIANCE SECTION | |
| 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 <i>Government Auditing Standards</i> | 37-38 |
| Independent Auditor's Report on Compliance with Requirements for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance | 39-41 |
| Schedule of Findings and Questioned Costs..... | 42 |
| Schedule of Prior Year Findings and Questioned Costs | 43 |

INTRODUCTORY SECTION

HELEN ROSS McNABB CENTER, INC.

ROSTER OF OFFICIALS

Board of Directors

Wade Davies , Chair

Scott Ferguson

George Kershaw, Chair-Elect

Traci Topham

Dr. Amy Cathey, Past Chair

Dale Keasling

Andrea White, Treasurer

Cheryl Rice

Rebecca Ashford, Secretary

Randy Miller

Whit Addicks

Brian Rauch

Mickey Wade

Cindy Sexton

Heidi Barcus

Laura Shamiyeh

Eden Bishop

Mitch Steenrod

Jenny Brock

Carl Van Hoozier

Jerry Epps

Mona Blanton-Kitts 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
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Helen Ross McNabb Center, Inc. and affiliate as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Helen Ross McNabb Center, Inc. and affiliate 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Helen Ross McNabb Center, Inc. and affiliate's ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



An independently owned member
RSM US Alliance



TSCPA
Members of the Tennessee Society
Of Certified Public Accountants

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Helen Ross McNabb Center, Inc. and affiliate'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Helen Ross McNabb Center, Inc. and affiliate'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.

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 awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the table of contents, and the consolidating statements of financial position and consolidating statements of activities, as listed in the table of contents, are presented for purposes of additional analysis and are 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. The information has been subjected to the auditing procedures applied in the audit 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the Helen Ross McNabb Center, Inc. and affiliate'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 Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Helen Ross McNabb Center, Inc. and affiliate's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 15, 2022

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As of June 30, | <u>2022</u> | <u>2021</u> |
|---|----------------|---------------------------|-------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ | 14,259,470 | \$ 20,505,306 |
| Short-Term Investments | | 1,988,822 | 0 |
| Receivables, Net | | 10,523,951 | 9,213,036 |
| Pledges Receivable, Net | | 1,108,168 | 1,387,505 |
| Prepaid Expenses | | 641,669 | 415,024 |
| Total Current Assets | | <u>28,522,080</u> | <u>31,520,871</u> |
| PROPERTY AND EQUIPMENT - NET | | <u>47,556,200</u> | <u>40,581,153</u> |
| OTHER ASSETS | | | |
| Investments Restricted for Endowment | | 37,201,676 | 35,432,765 |
| Long-Term Pledges Receivable, Net | | 626,322 | 623,608 |
| Investments for Deferred Compensation Plans | | 950,093 | 958,311 |
| Total Other Assets | | <u>38,778,091</u> | <u>37,014,684</u> |
| TOTAL ASSETS | \$ | <u><u>114,856,371</u></u> | \$ <u><u>109,116,708</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ | 3,392,994 | \$ 1,970,946 |
| Accrued Annual Leave | | 1,733,560 | 1,801,150 |
| Accrued Salaries Payable | | 1,435,111 | 1,209,350 |
| Other Accrued Liabilities | | 1,006,637 | 821,086 |
| Deferred Revenue | | 204,153 | 323,520 |
| Current Portion of Long-Term Liabilities | | 25,000 | 222,000 |
| Total Current Liabilities | | <u>7,797,455</u> | <u>6,348,052</u> |
| LONG-TERM LIABILITIES | | | |
| Note Payable | | 75,000 | 100,000 |
| Grant Notes Payable | | 6,168,982 | 3,921,732 |
| Lease Payable | | 0 | 598,000 |
| Deferred Compensation Plans Payable | | 950,093 | 958,311 |
| Total Long-Term Liabilities | | <u>7,194,075</u> | <u>5,578,043</u> |
| TOTAL LIABILITIES | | <u>14,991,530</u> | <u>11,926,095</u> |
| NET ASSETS | | | |
| Net Assets Without Donor Restrictions | | 79,495,618 | 75,551,348 |
| Net Assets With Donor Restrictions | | 20,369,223 | 21,639,265 |
| Total Net Assets | | <u>99,864,841</u> | <u>97,190,613</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u><u>114,856,371</u></u> | \$ <u><u>109,116,708</u></u> |

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, 2022

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---|--|---|---------------------|
| PATIENT SERVICES REVENUE | | | |
| TennCare | \$ 38,497,264 | \$ 0 | \$ 38,497,264 |
| Medicare | 1,762,635 | 0 | 1,762,635 |
| Commercial Insurance | 3,628,520 | 0 | 3,628,520 |
| Private Pay | 71,524 | 0 | 71,524 |
| Less: Contractual Adjustments | <u>(14,552,164)</u> | <u>0</u> | <u>(14,552,164)</u> |
| | <u>29,407,779</u> | <u>0</u> | <u>29,407,779</u> |
| Direct Federal Assistance: | | | |
| Department of Housing and Urban Development | 356,883 | 0 | 356,883 |
| Department of Health and Human Services | 2,254,333 | 0 | 2,254,333 |
| Department of Justice | 162,509 | 0 | 162,509 |
| Department of Agriculture | 60,276 | 0 | 60,276 |
| Department of Labor | 151,876 | 0 | 151,876 |
| Board of Parole and Probation | <u>27,138</u> | <u>0</u> | <u>27,138</u> |
| | <u>3,013,015</u> | <u>0</u> | <u>3,013,015</u> |
| State of Tennessee: | | | |
| Department of Education | 105,885 | 0 | 105,885 |
| Department of Human Services | 462,436 | 0 | 462,436 |
| Treasury Department | 75,230 | 0 | 75,230 |
| Housing Development Agency | 331,070 | 0 | 331,070 |
| Department of Health | 2,051,051 | 0 | 2,051,051 |
| Office of Criminal Justice | 2,185,805 | 0 | 2,185,805 |
| Department of Children's Services | 7,169,734 | 0 | 7,169,734 |
| Department of Mental Health and Substance Abuse Services | <u>24,509,926</u> | <u>0</u> | <u>24,509,926</u> |
| | <u>36,891,137</u> | <u>0</u> | <u>36,891,137</u> |
| Other Grants | <u>1,567,164</u> | <u>0</u> | <u>1,567,164</u> |
| Local Governments: | | | |
| Knox County | 3,343,477 | 0 | 3,343,477 |
| Other Local Governments | <u>3,096,115</u> | <u>0</u> | <u>3,096,115</u> |
| | <u>6,439,592</u> | <u>0</u> | <u>6,439,592</u> |
| NET PATIENT SERVICES REVENUE | <u>77,318,687</u> | <u>0</u> | <u>77,318,687</u> |

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, 2022

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|--|--|---|-----------------------------|
| CONTRIBUTIONS AND OTHER | | | |
| Contributions and Support: | | | |
| Cash and Other Financial Assets | \$ 427,859 | \$ 3,280,979 | \$ 3,708,838 |
| Gifts-In-Kind | 5,363 | 429,380 | 434,743 |
| Present Value and Allowance: | | | |
| Adjustment of Contributions | (31,113) | 0 | (31,113) |
| United Way | 1,452,485 | 0 | 1,452,485 |
| Investment Return, Net | 821,932 | 261,068 | 1,083,000 |
| Unrealized Gain (Loss) on | | | |
| Investments | (4,439,411) | (1,913,541) | (6,352,952) |
| Gain (Loss) on Sale of Assets | (21,436) | 0 | (21,436) |
| Special Events, Net: | | | |
| Cash and Other Financial Assets | 1,398,603 | 0 | 1,398,603 |
| Gifts-In-Kind | 293,803 | 0 | 293,803 |
| Less Direct Costs | <u>(694,450)</u> | <u>0</u> | <u>(694,450)</u> |
| Net Special Events Revenue | 997,956 | 0 | 997,956 |
| Other Income | <u>34,867</u> | <u>0</u> | <u>34,867</u> |
| Total Contributions and Other | <u>(751,498)</u> | <u>2,057,886</u> | <u>1,306,388</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Purpose Restrictions | <u>3,327,928</u> | <u>(3,327,928)</u> | <u>0</u> |
| Total Revenues and Other Support | <u>79,895,117</u> | <u>(1,270,042)</u> | <u>78,625,075</u> |
| EXPENSES | | | |
| Program Services: | | | |
| Mental Health | 25,737,402 | 0 | 25,737,402 |
| Substance Abuse | 8,831,625 | 0 | 8,831,625 |
| Social Services | 5,856,644 | 0 | 5,856,644 |
| Crisis Services | 9,635,847 | 0 | 9,635,847 |
| Foster Care and Adoption | 5,052,318 | 0 | 5,052,318 |
| Early Intervention and Prevention | 3,007,282 | 0 | 3,007,282 |
| Justice Programs | <u>4,311,550</u> | <u>0</u> | <u>4,311,550</u> |
| Total Program Services | <u>62,432,668</u> | <u>0</u> | <u>62,432,668</u> |
| Supporting Services: | | | |
| Administrative and General | 12,884,348 | 0 | 12,884,348 |
| Fund Raising | <u>633,831</u> | <u>0</u> | <u>633,831</u> |
| Total Supporting Services | <u>13,518,179</u> | <u>0</u> | <u>13,518,179</u> |
| Total Expenses | <u>75,950,847</u> | <u>0</u> | <u>75,950,847</u> |
| INCREASE IN NET ASSETS | 3,944,270 | (1,270,042) | 2,674,228 |
| NET ASSETS, BEGINNING OF YEAR | <u>75,551,348</u> | <u>21,639,265</u> | <u>97,190,613</u> |
| NET ASSETS, END OF YEAR | <u>\$ 79,495,618</u> | <u>\$ 20,369,223</u> | <u>\$ 99,864,841</u> |

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 | <u>(12,180,037)</u> | <u>0</u> | <u>(12,180,037)</u> |
| | <u>30,316,308</u> | <u>0</u> | <u>30,316,308</u> |
| Direct Federal Assistance: | | | |
| Department of Housing and Urban Development | 408,647 | 0 | 408,647 |
| Department of Health and Human Services | 1,141,612 | 0 | 1,141,612 |
| 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 | <u>21,707</u> | <u>0</u> | <u>21,707</u> |
| | <u>1,990,960</u> | <u>0</u> | <u>1,990,960</u> |
| State of Tennessee: | | | |
| Department of Education | 178,250 | 0 | 178,250 |
| Department of Human Services | 294,671 | 0 | 294,671 |
| Treasury Department | 58,290 | 0 | 58,290 |
| Housing Development Agency | 75,295 | 0 | 75,295 |
| Department of Health | 1,381,436 | 0 | 1,381,436 |
| 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 Developmental Disabilities | <u>19,334,296</u> | <u>0</u> | <u>19,334,296</u> |
| | <u>30,700,358</u> | <u>0</u> | <u>30,700,358</u> |
| Other Grants | <u>1,735,177</u> | <u>0</u> | <u>1,735,177</u> |
| Local Governments: | | | |
| Knox County | 2,846,263 | 0 | 2,846,263 |
| Other Local Governments | <u>1,470,210</u> | <u>0</u> | <u>1,470,210</u> |
| | <u>4,316,473</u> | <u>0</u> | <u>4,316,473</u> |
| NET PATIENT SERVICES REVENUE | <u>69,059,276</u> | <u>0</u> | <u>69,059,276</u> |

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

| | <u>Net Assets Without Donor Restrictions</u> | <u>Net Assets With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|----------------------|
| CONTRIBUTIONS AND OTHER | | | |
| Contributions and Support | | | |
| Cash and Other Financial Assets | \$ 168,316 | \$ 2,866,399 | \$ 3,034,715 |
| Gifts-In-Kind | 571 | 22,023 | 22,594 |
| 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 | | | |
| Cash and Other Financial Assets | 661,494 | 0 | 661,494 |
| Gifts-In-Kind | 89,970 | 0 | 89,970 |
| Less Direct Costs | <u>(239,136)</u> | <u>0</u> | <u>(239,136)</u> |
| Net Special Events Revenue | 512,328 | 0 | 512,328 |
| Other Income | <u>3,113,458</u> | <u>0</u> | <u>3,113,458</u> |
| Total Contributions and Other | <u>11,343,184</u> | <u>5,451,782</u> | <u>16,794,966</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Purpose Restrictions | <u>1,438,096</u> | <u>(1,438,096)</u> | <u>0</u> |
| Total Revenues and Other Support | <u>81,840,556</u> | <u>4,013,686</u> | <u>85,854,242</u> |
| 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 | <u>3,866,490</u> | <u>0</u> | <u>3,866,490</u> |
| Total Program Services | <u>56,476,435</u> | <u>0</u> | <u>56,476,435</u> |
| Supporting Services: | | | |
| Administrative and General | 12,200,864 | 0 | 12,200,864 |
| Fund Raising | <u>582,606</u> | <u>0</u> | <u>582,606</u> |
| Total Supporting Services | <u>12,783,470</u> | <u>0</u> | <u>12,783,470</u> |
| Total Expenses | <u>69,259,905</u> | <u>0</u> | <u>69,259,905</u> |
| INCREASE IN NET ASSETS | 12,580,651 | 4,013,686 | 16,594,337 |
| NET ASSETS, BEGINNING OF YEAR | <u>62,970,697</u> | <u>17,625,579</u> | <u>80,596,276</u> |
| NET ASSETS, END OF YEAR | <u>\$ 75,551,348</u> | <u>\$ 21,639,265</u> | <u>\$ 97,190,613</u> |

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, | |
|---|------------------------------|----------------------|
| | <u>2022</u> | <u>2021</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in Net Assets | \$ 2,674,228 | \$ 16,594,337 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities: | | |
| Unrealized (Gain) Loss on Investments | 6,352,952 | (6,749,546) |
| Realized (Gain) Loss on Investments | (333,720) | (948,329) |
| Discount Amortization on Investments | 0 | (259) |
| (Gain) Loss on Disposal of Assets | 21,436 | (206,068) |
| Depreciation and Amortization | 1,792,835 | 1,666,843 |
| Forgiveness of Grant Note Payable | (202,750) | (272,750) |
| Net Changes in: | | |
| Receivables, Net | (1,034,292) | (2,254,708) |
| Prepaid Expenses | (226,645) | (122,837) |
| Accounts Payable | 1,422,048 | 304,431 |
| Deferred Compensation | (8,218) | 369,470 |
| Accrued Salaries Payable | 225,761 | 204,876 |
| Other Accrued Liabilities | (198,406) | 226,219 |
| Net Cash Provided by Operating Activities | <u>10,485,229</u> | <u>8,811,679</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale of Assets | 2,600 | 682,545 |
| Purchase of Property and Equipment | (8,791,918) | (7,143,686) |
| Proceeds from Sale of Investments | 11,906,227 | 14,780,701 |
| Purchase of Investments | <u>(21,674,974)</u> | <u>(14,046,319)</u> |
| Net Cash Used in Investing Activities | <u>(18,558,065)</u> | <u>(5,726,759)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Issuance of Notes Payable | <u>1,827,000</u> | <u>274,922</u> |
| Net Cash Provided by Financing Activities | <u>1,827,000</u> | <u>274,922</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (6,245,836) | 3,359,842 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>20,505,306</u> | <u>17,145,464</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 14,259,470</u> | <u>\$ 20,505,306</u> |
| Supplementary Disclosure of Noncash Activities: | | |
| Issuance of Leases Payable and Grant Notes Payable | \$ 0 | \$ 795,000 |

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, 2022

| | 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 | \$ 17,813,550 | \$ 4,973,877 | \$ 2,929,905 | \$ 5,439,160 | \$ 2,527,918 | \$ 1,713,838 | \$ 2,709,522 | \$ 38,107,770 | \$ 8,058,371 | \$ 396,374 | \$ 46,562,515 |
| Employee Benefits & Payroll Taxes | 3,831,317 | 1,083,524 | 650,960 | 1,195,223 | 558,519 | 375,616 | 590,742 | 8,285,901 | 1,913,799 | 96,411 | 10,296,111 |
| Professional Fees | 141,246 | 99,348 | 15,489 | 1,701,797 | 44,464 | 7,613 | 9,980 | 2,019,937 | 305,139 | 304 | 2,325,380 |
| Supplies | 472,664 | 1,162,728 | 377,176 | 334,408 | 193,754 | 309,235 | 130,042 | 2,980,007 | 220,219 | 5,123 | 3,205,349 |
| Telephone | 297,190 | 136,836 | 64,624 | 120,765 | 32,678 | 47,065 | 65,789 | 764,947 | 160,252 | 5,922 | 931,121 |
| Postage | 3,472 | 568 | 1,180 | 1,212 | 562 | 297 | 208 | 7,499 | 16,742 | 1,152 | 25,393 |
| Occupancy | 1,181,920 | 538,536 | 892,840 | 338,763 | 328,505 | 152,418 | 190,897 | 3,623,879 | 556,736 | 12,307 | 4,192,922 |
| Equipment, Rental & Maintenance | 310,127 | 109,824 | 64,196 | 87,012 | 51,994 | 42,776 | 53,695 | 719,624 | 723,750 | 24,454 | 1,467,828 |
| Printing & Publications | 7,641 | 4,435 | 1,208 | 2,890 | 4 | 3,948 | 957 | 21,083 | 20,820 | 75 | 41,978 |
| Travel | 487,881 | 110,612 | 66,856 | 75,373 | 93,505 | 124,529 | 134,598 | 1,093,354 | 165,134 | 9,528 | 1,268,016 |
| Conferences & Meetings | 72,078 | 37,087 | 11,820 | 18,236 | 12,982 | 12,534 | 11,994 | 176,731 | 50,226 | 1,141 | 228,098 |
| Insurance | 309,916 | 109,766 | 116,219 | 80,125 | 67,368 | 40,534 | 53,844 | 777,772 | 202,357 | 4,200 | 984,329 |
| Grants & Awards | 0 | 1,850 | 15,592 | 0 | 960,993 | 0 | 0 | 978,435 | 0 | 0 | 978,435 |
| Specific Assistance to Individuals | 254,968 | 113,125 | 265,255 | 17,106 | 11,685 | 101,255 | 176,557 | 939,951 | 0 | 0 | 939,951 |
| In Kind Expenses | 0 | 123,030 | 31,178 | 65,439 | 0 | 0 | 0 | 219,647 | 0 | 0 | 219,647 |
| Depreciation | 448,638 | 199,987 | 331,835 | 145,990 | 149,288 | 67,710 | 142,975 | 1,486,423 | 297,678 | 8,734 | 1,792,835 |
| Other Non-personnel | 36,023 | 26,492 | 20,311 | 12,348 | 18,099 | 7,914 | 39,750 | 160,937 | 180,125 | 1,633 | 342,695 |
| Total Center | <u>25,668,631</u> | <u>8,831,625</u> | <u>5,856,644</u> | <u>9,635,847</u> | <u>5,052,318</u> | <u>3,007,282</u> | <u>4,311,550</u> | <u>62,363,897</u> | <u>12,871,348</u> | <u>567,358</u> | <u>75,802,603</u> |
| Foundation Operations | 68,771 | 0 | 0 | 0 | 0 | 0 | 0 | 68,771 | 13,000 | 66,473 | 148,244 |
| Total Foundation | <u>68,771</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>68,771</u> | <u>13,000</u> | <u>66,473</u> | <u>148,244</u> |
| TOTAL | <u>\$ 25,737,402</u> | <u>\$ 8,831,625</u> | <u>\$ 5,856,644</u> | <u>\$ 9,635,847</u> | <u>\$ 5,052,318</u> | <u>\$ 3,007,282</u> | <u>\$ 4,311,550</u> | <u>\$ 62,432,668</u> | <u>\$ 12,884,348</u> | <u>\$ 633,831</u> | <u>\$ 75,950,847</u> |

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 and 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 and 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 and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Helen Ross McNabb Center, Inc. (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 2021 financial statements have been reclassified to conform with the 2022 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, 2022 and 2021 were \$694,450 and \$239,136, 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, 2022 and 2021 were \$44,980 and \$104,850, respectively.

Adoption of New Accounting Standards - 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 did not have a material impact on the Organization's financial statements.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance 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 either 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 ASU 2016-02 on its financial statements.

Evaluation of Subsequent Events - The Organization's management has evaluated subsequent events through December 15, 2022, 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:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Financial Assets at Year End | \$ 66,658,502 | \$ 68,120,531 |
| Less Funds Unavailable for General Expenditures | | |
| Within One Year: | | |
| Restrictions by Donor | (20,369,223) | (21,639,265) |
| Board Designated Endowment Funds | <u>(25,841,294)</u> | <u>(28,021,816)</u> |
| Total Financial Assets Available to Meet General Expenditures Within the Next 12 Months | <u>\$ 20,447,985</u> | <u>\$ 18,459,450</u> |

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, 2022 and 2021, the Organization's cash and cash equivalents consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Petty Cash | \$ 16,387 | \$ 2,077 |
| Checking - Operations | 112,883 | 1,260,271 |
| U.S. Government and Federal Agency Obligations Under Repurchase Agreements | <u>14,130,200</u> | <u>19,242,958</u> |
| Total | <u>\$ 14,259,470</u> | <u>\$ 20,505,306</u> |

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

At June 30, 2022 and 2021, the Organization had the following investments, carried at fair value:

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| | <u>Carrying Value</u> | <u>Carrying Value</u> |
| | <u>(Fair Value)</u> | <u>(Fair Value)</u> |
| Fair Value Measurements Using Level 1 | | |
| Restricted for Deferred Compensation Plans | | |
| Mutual Funds: | | |
| Equity | \$ <u>950,093</u> | \$ <u>958,311</u> |
| Restricted for Endowment | | |
| Cash Management Account | 35,130 | 19,478 |
| Certificate of Deposit | 1,295,217 | 1,593,480 |
| Federated Government Obligations Fund | 463,624 | 369,710 |
| Mutual Funds: | | |
| Fixed Income | 7,641,905 | 6,671,421 |
| Equity | 14,662,450 | 15,024,157 |
| Corporate Equities | <u>11,230,945</u> | <u>10,324,289</u> |
| | <u>35,329,271</u> | <u>34,002,535</u> |
| Fair Value Measurements Using Level 2 | | |
| Short-Term | | |
| Treasury Bills | <u>1,988,822</u> | <u>0</u> |
| Restricted for Endowment | | |
| Corporate Obligations | 123,616 | 288,471 |
| Government Obligations | <u>1,748,789</u> | <u>1,141,759</u> |
| | <u>1,872,405</u> | <u>1,430,230</u> |
| Total | <u>\$ 40,140,591</u> | <u>\$ 36,391,076</u> |

As of June 30, 2022 and 2021, 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.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

- 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, 2022 and 2021 totaling \$10,192,884 and \$13,749,949, 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, 2022 and 2021.

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, 2022 and 2021 totaling \$3,937,316 and \$5,493,010, 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, 2022 and 2021.

The Center's receivable balance at June 30, 2022 and 2021 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 90% and 89% of total revenue for the years ended June 30, 2022 and 2021, 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:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|---------------------|
| TennCare | \$ 1,919,132 | \$ 2,392,950 |
| State and Federal Grants | 7,632,979 | 6,547,738 |
| Other Grants and Subsidies Receivable | 1,073,622 | 595,402 |
| Medicare, Commercial Insurance, and Private Pay | 624,345 | 512,286 |
| Allowance for Doubtful Accounts | <u>(726,127)</u> | <u>(835,340)</u> |
| Total | <u>\$ 10,523,951</u> | <u>\$ 9,213,036</u> |

As of June 30, 2022 and 2021, the amount of accounts receivable greater than 90 days was \$97,620 and \$100,269, respectively. The change in the valuation allowance is as follows:

| | <u>2022</u> | <u>2021</u> |
|------------------------|-------------------|-------------------|
| Beginning Balance | \$ 835,340 | \$ 732,942 |
| Provision | 263,750 | 431,789 |
| Charge Offs (Recovery) | <u>(372,963)</u> | <u>(329,391)</u> |
| Ending Balance | <u>\$ 726,127</u> | <u>\$ 835,340</u> |

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable are due as follows:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Due Within One Year | \$ 1,108,168 | \$ 1,387,505 |
| Due in One to Five Years | <u>802,880</u> | <u>839,040</u> |
| Gross Pledges Receivable | 1,911,048 | 2,226,545 |
| Less: Present Value Allowance and Allowance for Uncollectible | <u>(176,558)</u> | <u>(215,432)</u> |
| Pledges Receivable - Net | <u>\$ 1,734,490</u> | <u>\$ 2,011,113</u> |

As of June 30, 2022 and 2021, 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:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|------------------|-------------------|
| Beginning Balance | \$ 111,327 | \$ 123,078 |
| Adjustment for Uncollectible Pledges | 54,212 | (3,648) |
| Recoveries, Charge Offs | <u>(69,987)</u> | <u>(8,103)</u> |
| Ending Balance | <u>\$ 95,552</u> | <u>\$ 111,327</u> |

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation follows:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|----------------------|----------------------|
| Land and Buildings | \$ 54,212,533 | \$ 50,409,544 |
| Furniture and Equipment | 5,451,875 | 5,037,944 |
| Construction in Progress | <u>8,918,918</u> | <u>4,400,718</u> |
| Total | 68,583,326 | 59,848,206 |
| Less: Accumulated Depreciation | <u>(21,027,126)</u> | <u>(19,267,053)</u> |
| Property and Equipment, Net | <u>\$ 47,556,200</u> | <u>\$ 40,581,153</u> |

The depreciation expense for the years ended June 30, 2022 and 2021 was \$1,792,835 and \$1,666,843, 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, 2022 and 2021 was 4.75% and 4.0% respectively. No funds were borrowed from this line of credit during the years ended June 30, 2022 and 2021.

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, 2022 and 2021 is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Knox County, Tennessee | \$ 1,150,484 | \$ 1,245,234 |
| City of Knoxville, Tennessee | 1,820,000 | 500,000 |
| Tennessee Housing Development Agency | 156,000 | 234,000 |
| Tennessee Department of Mental Health and Substance Abuse Services | <u>3,042,498</u> | <u>1,942,498</u> |
| Grant Notes Payable | <u>\$ 6,168,982</u> | <u>\$ 3,921,732</u> |

Scheduled forgiveness of these notes payable at June 30, 2022 are as follows:

| | |
|------------|---------------------|
| 2023 | \$ 430,250 |
| 2024 | 364,250 |
| 2025 | 452,250 |
| 2026 | 192,250 |
| 2027 | 685,734 |
| Thereafter | <u>4,044,248</u> |
| Total | <u>\$ 6,168,982</u> |

NOTE 9 - NOTES PAYABLE AND LEASES PAYABLE (Continued)

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, 2022 was \$100,000 (\$125,000 at June 30, 2021).

Leases Payable

The Center has entered into lease agreements for various properties during the year ended June 30, 2021. In 2022, these leases were terminated with the Organization exercising its option to purchase the properties.

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, 2022 and 2021, the Organization contributed \$1,977,872 and \$1,821,454, 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, 2022 and 2021, the Organization contributed approximately \$209,000 and \$253,000, 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.

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Undesignated | \$ 68,505,122 | \$ 61,846,567 |
| Designated - Transfer from Center | <u>10,990,496</u> | <u>13,704,781</u> |
| Total Nets Assets without Donor Restrictions | <u>\$ 79,495,618</u> | <u>\$ 75,551,348</u> |

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Subject to Expenditure for a Specific Purpose: | | |
| Mental Health | \$ 3,836,084 | \$ 3,607,218 |
| Child and Youth Services | 550,637 | 540,255 |
| Program Support | 2,468,048 | 3,671,448 |
| Capital Support | <u>124,979</u> | <u>1,829,880</u> |
| | <u>6,979,748</u> | <u>9,648,801</u> |
| Endowment: | | |
| Subject to Appropriation and Expenditure: | | |
| Mental Health | 1,123,331 | 1,583,666 |
| Child & Youth Services | 5,338,752 | 6,217,106 |
| Program Support | 3,455,924 | 699,155 |
| Substance Abuse | <u>131,955</u> | <u>151,024</u> |
| | <u>10,049,962</u> | <u>8,650,951</u> |
| 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 | <u>100,000</u> | <u>100,000</u> |
| | <u>3,339,513</u> | <u>3,339,513</u> |
| Total Endowment | <u>13,389,475</u> | <u>11,990,464</u> |
| Total Nets Assets with Donor Restrictions | <u>\$ 20,369,223</u> | <u>\$ 21,639,265</u> |

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.

NOTE 15 - ENDOWMENT FUNDS (Continued)

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, 2022 and 2021 were as follows:

| As of June 30, 2022 | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| ENDOWMENT NET ASSETS, BEGINNING OF YEAR | \$ 23,756,203 | \$ 11,425,465 | \$ 35,181,668 |
| Contributions/Transfers | 3,936,335 | 278,434 | 4,214,769 |
| Investment Income | 394,726 | 179,405 | 574,131 |
| Net Realized/Unrealized Gains (Losses) | (3,685,433) | 2,355,202 | (1,330,231) |
| Investment Expenses | <u>(89,630)</u> | <u>(39,942)</u> | <u>(129,572)</u> |
| ENDOWMENT NET ASSETS, END OF YEAR | <u>\$ 24,312,201</u> | <u>\$ 14,198,564</u> | <u>\$ 38,510,765</u> |
| | | | |
| As of June 30, 2021 | | | |
| 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 | <u>(70,332)</u> | <u>(39,942)</u> | <u>(110,274)</u> |
| ENDOWMENT NET ASSETS, END OF YEAR | <u>\$ 23,756,203</u> | <u>\$ 11,425,465</u> | <u>\$ 35,181,668</u> |

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, 2022 and 2021 was \$210,533 and \$285,889, respectively. Amounts paid to the Center from the Foundation during the years ended June 30, 2022 and 2021 were \$3,612,961 and \$1,794,201, 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 \$558,115 for 2022 and \$551,223 for 2021.

The Helen Ross McNabb Center completed equity transfers to the Foundation in the amounts of \$500,000 for 2022 and \$3,500,000 for 2021. The equity transfers have been recorded in the Consolidating Statement of Activities.

NOTE 16 - RELATED PARTY TRANSACTION (Continued)

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, 2022 and 2021.

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, 2022 and 2021.

NOTE 17 - CONTRIBUTED NONFINANCIAL ASSETS (GIFTS-IN-KIND)

Gifts-In-Kind recognized within the statements of activities for the years ended June 30 included:

| | <u>2022</u> | <u>2021</u> |
|--------------------|-------------------|-------------------|
| Goods and Supplies | \$ 170,969 | \$ 96,854 |
| Services | 259,151 | 9,270 |
| Food and Beverage | 56,033 | 6,440 |
| Facilities | <u>242,393</u> | <u>0</u> |
| Total | <u>\$ 728,546</u> | <u>\$ 112,564</u> |

Gifts-In-Kind Valuation Techniques and Inputs - All contributed items are valued at the estimated fair value on the basis of what the Foundation would pay to purchase the good/service from an unrelated third party.

Donor Restrictions - For the year ended June 30, 2022, \$429,380 of Gifts-In-Kind were restricted for a facility and various program services. For the year ended June 30, 2021, no Gifts-In-Kind were restricted, except for \$21,452 of goods and supplies and \$571 of food and beverage for various uses.

The Foundation does not sell donated Gifts-In-Kind and only distributes goods for program uses.

SUPPLEMENTARY SECTION

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|--|-------------------------|-------------------|------------------------------------|-----------------------|
| Appalachian Regional Commission | | | | |
| Passed through Claiborne County, Tennessee | | | | |
| Appalachian Area Development | 23.002 | IS-20256-21 | \$ - | \$ 32,081 |
| Total Appalachian Regional Commission Direct Assistance | | | | <u>32,081</u> |
| Total Appalachian Regional Commission | | | | <u>32,081</u> |
| U.S. Bureau of Justice Assistance | | | | |
| Passed Through Tennessee Department of Mental Health: | | | | |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | Edison 68982 | - | <u>70,294</u> |
| Total Passed Through Tennessee Department of Mental Health | | | | <u>70,294</u> |
| Total U.S. Bureau of Justice Assistance | | | | <u>70,294</u> |
| U.S. Department of Agriculture | | | | |
| U.S. Department of Agriculture Direct Assistance: | | | | |
| National School Lunch Program | 10.555 | | - | <u>57,955</u> |
| Total U.S. Department of Agriculture Direct Assistance | | | | <u>57,955</u> |
| Passed through the Tennessee Department of Human Services | | | | |
| National School Lunch Program | 10.555 | | - | <u>2,321</u> |
| Supplemental Nutrition Assistance Program | 10.551 | | - | <u>85,328</u> |
| Total Passed through Tennessee Department of Human Services | | | | <u>87,649</u> |
| Total U.S. Department of Agriculture | | | | <u>145,604</u> |
| U.S. Department of the Treasury | | | | |
| Passed Through United Way of Blount County | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | | | |
| COVID-19 Coronavirus Relief Fund | | LRO ID 762400-015 | - | <u>20,063</u> |
| Total Passed Through United Way of Blount County | | | | <u>20,063</u> |
| Passed Through The City of Knoxville, Tennessee | | | | |
| Coronavirus State and Local Fiscal Recovery Funds (SLFRF) | 21.027 | | | |
| Sequential Intercept Mapping | | C-22-0149 | - | <u>35,000</u> |
| Total Passed Through United Way of Greater Knoxville | | | | <u>35,000</u> |
| Total U.S. Department of the Treasury | | | | <u>55,063</u> |

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, 2022

| 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 | - | 13,861 |
| Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO-PRN) | | 0649-2020-0120 | - | 6,000 |
| Criminal and Juvenile Justice and Mental Health Collaboration Program (USPO-PRN) | | 0649-2020-126 | - | 7,278 |
| Total Assistance Listing Number 16.745 | | | | <u>27,138</u> |
| Transitional Housing Assistance for Victims of Domestic Violence, | 16.736 | 2016-WH-AX-0031 | - | <u>161,399</u> |
| Second Chance Act Prisoner Reentry Initiative | 16.812 | 15PBJA-21-GG-04045-SCAX | - | 1,110 |
| Total U.S. Department of Justice Direct Assistance | | | | <u>189,647</u> |
| Passed through the Tennessee Department of Finance and Administration | | | | |
| Crime Victim Assistance | 16.575 | | | |
| Victims of Crime Act (VOCA) - Family Crisis Center (FCC) | | Edison 41684 | - | 724,561 |
| Victims of Crime Act (VOCA) - SACET | | Edison 41685 | - | 1,132,085 |
| Victims of Crime Act (VOCA) - Adult Re-Entry | | Edison 42795 | - | 180,395 |
| VOCA 2 Gen Chattanooga | | Edison 44410 | - | 148,364 |
| Total Passed through Tennessee Department of Finance and Administration | | | | <u>2,185,405</u> |
| Passed Through Tennessee Department of Mental Health and Substance Abuse Services | | | | |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | | | |
| COSSAP TDOC Community Supervision Peer Recovery Support Project | | Edison 68064 | - | 13,606 |
| COSSAP TDOC Community Supervision Peer Recovery Support Project | | Edison 72058 | - | 46,370 |
| Total Assistance Listing Number 16.838 | | | | <u>59,977</u> |
| Passed Through U.S. Department of Justice Through Cocke County Tennessee | | | | |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | | | |
| Cocke County TNROCS | | | - | 28,430 |
| Total Assistance Listing Number 16.838 | | | | <u>28,430</u> |
| Passed Through Tennessee Department of Finance and Administration Through Tennessee Department of Mental Health and Substance Abuse Services | | | | |
| Crime Victim Assistance | 16.575 | | | |
| TN Recovery Navigators (Interdepartmental) | | Edison 70466 | - | 132,000 |
| Total Assistance Listing Number 16.575 | | | | <u>132,000</u> |
| Passed through Tennessee Department of Finance and Administration Through Tennessee Voices for Victims | | | | |
| Crime Victim Assistance | 16.575 | | | |
| Homicide Survivors Support Group | | | - | 400 |
| Total Assistance Listing Number 15.575 | | | | <u>400</u> |
| Total U.S. Department of Justice | | | | <u>2,595,859</u> |

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, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|--|----------------------|-----------------|---------------------------------|-----------------------|
| 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 | - | 311,233 |
| Consolidated Permanent Housing/Supportive Housing Grant | | TN0036L4J022114 | - | 45,650 |
| Total U.S. Department of Housing and Urban Development Direct Assistance | | | | <u>356,883</u> |
| Passed through Knox County, Tennessee | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | | |
| Knox County CDBG Counseling | | | - | 154,112 |
| Total Passed through Knox County, Tennessee | | | | <u>154,112</u> |
| Passed through City of Knoxville, Tennessee | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | | |
| City of Knoxville CDBG | | C-21-0359 | - | 104,139 |
| Total Passed through City of Knoxville, Tennessee | | | | <u>104,139</u> |
| Passed through Tennessee Housing Development Agency | | | | |
| Emergency Solutions Grant Program | 14.231 | | | |
| Emergency Solutions Grant (ESG) 2021 | | Edison 69879 | - | 63,151 |
| Emergency Solutions Grant CARES (ESG-CV) 2020 (Part II) | | Edison 66817 | - | 267,919 |
| Total Passed through Tennessee Housing Development Agency | | | | <u>331,070</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>946,205</u> |
| 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 | | 90CU0080-04-00 | - | 135,875 |
| Regional Partnership for Families | | 90CU0080-04-01 | - | 9,620 |
| Regional Partnership for Families | | 90CU0080-05-00 | - | 423,004 |
| Regional Partnership for Families | | 90CU0080-05-01 | - | 42,000 |
| Total Assistance Listing Number 93.087 | | | | <u>610,499</u> |
| Basic Center Grant | | | | |
| Basic Center Program | 93.623 | | | |
| Basic Center Program | | 90CY7080-03-01 | - | 48,701 |
| Basic Center Program | | 90CY7377-01-00 | - | 140,423 |
| Total Assistance Listing Number 93.623 | | | | <u>189,124</u> |
| Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth | 93.557 | 90YO2433-01-00 | - | 110,143 |

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, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|--|----------------------|----------------|---------------------------------|------------------|
| U.S. Department of Health and Human Services (Continued) | | | | |
| U.S. Department of Health and Human Services Direct Assistance (Continued): | | | | |
| Transitional Living for Homeless Youth | 93.550 | | | |
| Transitional Living for Homeless Youth Program | | 90CX7178-04-01 | - | 40,744 |
| Transitional Living for Homeless Youth Program | | 90CX7178-05-01 | - | 107,444 |
| Total Assistance Listing Number 93.550 | | | | <u>148,188</u> |
| Total U.S. Department of Health and Human Services Direct Assistance | | | | <u>1,057,953</u> |
| Passed through Tennessee Department of Children's Services | | | | |
| Teenage Pregnancy Prevention Program | 93.297 | Edison 52555 | - | 76,594 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | Edison 60799 | - | 45,792 |
| Community-Based Child Abuse Prevention Grants | | | | |
| Child Abuse Prevention - East Region | 93.590 | Edison 57228 | - | 12,646 |
| Child Abuse Prevention - Knox Region | | Edison 57227 | - | 14,582 |
| Child Abuse Prevention - Smokey Region | | Edison 57224 | - | 5,588 |
| Total Assistance Listing Number 93.590 | | | | <u>32,816</u> |
| Total Passed through Tennessee Department of Children's Services | | | | <u>155,202</u> |
| Passed through Tennessee Department of Health | | | | |
| Maternal, Infant and Early Childhood Home Visiting Grant Program | 93.870 | GR2272451 | - | 522,762 |
| Total Assistance Listing Number 93.870 | | | | <u>522,762</u> |
| Injury Prevention and Control Research and State and Community Based Programs | | | | |
| Total Passed through Tennessee Department of Health | 93.136 | Edison 74397 | - | 1,414 |
| | | | | <u>524,176</u> |
| Passed through Tennessee Department of Mental Health and Substance Abuse Services | | | | |
| Substance Abuse and Mental Health Services Project of Regional and National Significance | 93.243 | | | |
| Project Rural Recovery | | Edison 71497 | - | 516,229 |
| Project Rural Recovery | | Edison 73335 | - | 201,496 |
| TN Coordinated Response to Pregnant/Postpartum Substance Abuse (TN PPW) | | Edison 67965 | - | 136,069 |
| Total Assistance Listing Number 93.243 | | | | <u>853,794</u> |
| Opioid State Targeted Response (STR) | | | | |
| Criminal Justice (CJ) State Opioid Response (SOR) GFY20 | 93.788 | | | |
| State Opioid Response - Spoke (SOR Spoke) | | Edison 64498 | - | 573 |
| | | Edison 64577 | - | 64,415 |
| | | Edison 72051 | - | 161,382 |
| State Opioid Response (SOR) II - Hub (Unit Rate) GFY22 | | Edison 72048 | - | 683,955 |
| State Opioid Response (SOR) II - Hub GFY22 | | Edison 72048 | - | 672,432 |
| State Opioid Response (SOR) II- HUB (Unit Rate) GFY21 | | Edison 69460 | - | 79,992 |
| State Opioid Response II- HUB | | Edison 69460 | - | 214,195 |
| TN State Opioid Response (SOR) HUB Supplemental | | Edison 64498 | - | 97,175 |
| Total Assistance Listing Number 93.788 | | | | <u>1,974,119</u> |

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, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|---|----------------------|--------------|---------------------------------|------------------|
| U.S. Department of Health and Human Services (Continued) | | | | |
| Passed through Tennessee Department of Mental Health and Substance Abuse Services (Continued) | | | | |
| Block Grants for Community Mental Health Services | 93.958 | | | |
| Community Targeted Transition Services | | Edison 70516 | - | 58,500 |
| COVID Relief - Mental Health Block Grant Supplement Mobile Crisis | | Edison 71196 | - | 101,640 |
| COVID Relief - Mental Health Block Grant Supplemental Funding | | Edison 71196 | - | 703,626 |
| First Episode Psychosis Initiative (FEPI) | | Edison 70229 | - | 338,016 |
| Inpatient Targeted Transitional Support | | Edison 70411 | - | 40,000 |
| Older Adults Program | | Edison 62779 | - | 70,000 |
| Project B.A.S.I.C. (Better Attitudes and Skills in Children) | | Edison 70439 | - | 48,845 |
| Regional Intervention Programs | | Edison 70780 | - | 120,000 |
| School Based Behavioral Health Liaisons | | Edison 70458 | - | 186,500 |
| Total Assistance Listing Number 93.958 | | | | <u>1,667,127</u> |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | | |
| Adol Day/Evng | | Edison 70742 | - | 192,929 |
| Adult Continuum of Care (COC) | | Edison 69861 | - | 1,455,985 |
| Continuum of Care (administrative costs) (COVID19 Supplemental Grant) | | Edison 69861 | - | 349,702 |
| Tennessee Prevent Network | | Edison 69867 | - | 162,693 |
| TN Prevention Network (COVID-19 Supplemental) | | Edison 69867 | - | 77,670 |
| Women's Recovery Oriented System of Care (WROSC) | | Edison 69868 | - | 208,797 |
| Women's Recovery Oriented System of Care (WROSC)/Pregnant Women's Services | | Edison 69868 | - | 468,765 |
| Total Assistance Listing Number 93.959 | | | | <u>2,916,541</u> |
| 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 | - | 6,675 |
| Crisis Services Less Than SMI (COVID 19) | | Edison 70871 | - | 43,000 |
| Crisis Services SMI/SED/COD (COVID 19) | | Edison 70871 | - | 75,660 |
| SAS COVID-19 Behavioral Health Care Response Supplemental (Treatment and Recovery) | | Edison 67189 | - | 25 |
| SAS COVID-19 Behavioral Health Care Response Supplemental (Treatment and Recovery) | | Edison 72718 | - | 14,980 |
| Total Assistance Listing Number 93.665 | | | | <u>140,340</u> |
| Mental Health Disaster Assistance and Emergency Mental Health | 93.982 | | | |
| Mental Health Disaster Assistance and Emergency Mental Health | | Edison 69425 | - | 66,900 |
| Tennessee Disaster Response Initiative Substance Abuse Services (TDRI SAS) | | Edison 70630 | - | 9,347 |
| Total Assistance Listing Number 93.982 | | | | <u>76,247</u> |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | | | |
| Projects for Assistance in the Transition from Homelessness | | Edison 70284 | | 97,945 |
| Total Assistance Listing Number 93.150 | | | | <u>97,945</u> |
| Total Passed through Tennessee Department of Mental Health and Substance Abuse Services | | | | <u>7,726,113</u> |

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, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|---|-------------------------|--------------|------------------------------------|------------------|
| U.S. Department of Health and Human Services (Continued) | | | | |
| Passed Through Tennessee Department of Human Services | | | | |
| Temporary Assistance for Needy Families | 93.558 | | | |
| Community Based Two Generation Services | | Edison 68094 | - | 377,109 |
| Total Assistance Listing Number 93.558 | | | | <u>377,109</u> |
| 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 | - | 382,344 |
| Total Assistance Listing Number 93.558 | | | | <u>382,344</u> |
| Passed Through Tennessee Department of Health Through Tennessee Department of Mental Health and Substance Abuse Services | | | | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | | | |
| Tennessee Jail Navigator | | Edison 70711 | - | 92,920 |
| Total Assistance Listing Number 93.136 | | | | <u>92,920</u> |
| Passed Through Tennessee Department of Human Services Through Tennessee Department of Mental Health and Substance Abuse Services | | | | |
| Temporary Assistance for Needy Families | 93.558 | | | |
| System of Care Across Tennessee (SOCAT) TANF Initiative | | Edison 70727 | - | 222,735 |
| Total Assistance Listing Number 93.558 | | | | <u>222,735</u> |
| Passed Through Tennessee Department of Human Services Through Tennessee Department of Health | | | | |
| Temporary Assistance for Needy Families | 93.558 | | | |
| Blount County 2GEN Healthy Families | | GR1960278 | - | 63,341 |
| Blount County 2GEN Healthy Families | | GR2272125 | - | 184,879 |
| Evidence Based Home Visitation Grainger, Morgan, Loudon, and Roane | | GR1960278 | - | 151,500 |
| Evidence Based Home Visitation Grainger, Morgan, Loudon, and Roane | | GR2272128 | - | 478,197 |
| Evidence Based Home Visiting Program Services | | GR1960278 | - | 294,232 |
| Total Assistance Listing Number 93.558 | | | | <u>1,172,149</u> |

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, 2022

| Grantor or Pass-Through Grantor | Assistance Listing # | Grant # | Passed through to Subrecipients | Expenditures |
|--|----------------------|---------------------|---------------------------------|-----------------------------|
| U.S. Department of Health and Human Services (Continued) | | | | |
| Passed through U.S. Department of Health and Human Services | | | | |
| Block Grants for Community Mental Health Services | 93.958 | | | |
| Children and Youth Crisis Stabilization Continuum | | 1H79SM085508-01 | - | 785,282 |
| Total Assistance Listing Number 93.958 | | | | <u>785,282</u> |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | | | |
| Workforce Support | | 5H79TI083365-02 | - | 312,060 |
| Workforce Support | | 6H79TI083365-01M005 | - | 99,038 |
| Total Assistance Listing Number 93.243 | | | | <u>411,097</u> |
| Total U.S. Department of Health and Human Services | | | | <u>1,196,379</u> |
| 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 | | 1H79TI080738-04 | - | 49,576 |
| Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services | | 1H79TI080738-05 | - | 209,583 |
| Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative | | H79SP080246-02 | - | 28,576 |
| Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative | | H79SP080246-03 | - | 69,427 |
| Tennessee's Homeless Family Services in Supportive Housing Program | | 1H79SM063323-03 | - | 19,638 |
| Total Assistance Listing Number 93.243 | | | | <u>376,800</u> |
| Total Passed through University of Tennessee Knoxville | | | | <u>376,800</u> |
| Total U.S. Department of Health and Human Services | | | | <u>13,283,881</u> |
| U.S. Department of Labor | | | | |
| U.S. Department of Labor Direct Assistance: | | | | |
| Women's Bureau | 17.700 | WB-34018-19-60-A-47 | - | 151,876 |
| Total U.S. Department of Labor Direct Assistance | | | | <u>151,876</u> |
| Total U.S. Department of Labor | | | | <u>151,876</u> |
| U.S. Department of Education | | | | |
| Passed through Tennessee Department of Education | | | | |
| 21st Century Community Learning Centers | 84.287 | | | |
| 21st CCLC Cohort 2018 | | 33109-01519 | - | 60,552 |
| 21st Century Community Learning Center Program | | 33109-01020 | - | 45,333 |
| Total Assistance Listing Number 84.287 | | | | <u>105,885</u> |
| Total U.S. Department of Education | | | | <u>105,885</u> |
| TOTAL FEDERAL AWARDS | | | \$ - | \$ <u>17,386,748</u> |

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, 2022

| <u>Grantor or Pass-Through Grantor</u> | <u>Program Name or Contract Name</u> | <u>Grant #</u> | <u>Expenditures</u> |
|---|---|----------------|-----------------------|
| STATE ASSISTANCE PROGRAMS | | | |
| Tennessee Department of Health | Healthy Start Home Visiting Program | GR1959377 | \$ 86,413 |
| | Healthy Start Home Visiting Program | GR2271726 | 268,313 |
| | Total Tennessee Department of Health | | <u>354,726</u> |
| Tennessee Department of Mental Health and Substance Abuse Services | Indigent Supervised Probation Offenders Treatment (ADAT SPOT) | Edison 69858 | 19,910 |
| | Addictions Recovery Program (ARP) | Edison 69860 | 13,536 |
| | Adolescent Substance Use Disorders Services (ASUDSP) | Edison 70742 | 378,334 |
| | Adolescent Substance Use Disorders Services (ASUDSP) Residential Retro (State) | Edison 70742 | 35,713 |
| | Alcohol and Drug Addiction Treatment Program for Indigent Driving Under the Influence Offenders | Edison 69858 | 17,760 |
| | Behavioral Health Safety Net Adult (BHSN-Adult of TN) | Edison 62130 | 1,809,403 |
| | Behavioral Health Safety Net Children | Edison 69862 | 137,350 |
| | Children and Youth Homeless Outreach Project | Edison 70413 | 62,349 |
| | Community Supportive Housing | Edison 62640 | 95,000 |
| | Comprehensive Forensic Evaluations | Edison 69863 | 90,150 |
| | Continuum of Care Retro (State) | Edison 69861 | 69,047 |
| | Creating Affordable Housing | Edison 70831 | 500,000 |
| | Criminal Justice A&D and MH Liaisons-Lakeshore | Edison 70398 | 512,633 |
| | Criminal Justice/Behavioral Health Liaison | Edison 70398 | 175,463 |
| | Crisis Services Continuum, Adult Mobile Crisis Unit | Edison 62856 | 617,700 |
| | Crisis Services Continuum, C& Y Mobile Crisis Unit | Edison 62856 | 116,810 |
| | Crisis Services Continuum, Crisis Stabilization Unit | Edison 62856 | 4,927,590 |
| | Crisis Services Continuum, Walk-in Triage | Edison 62856 | 559,200 |
| | First Episode Psychosis Initiative (FEPI) | Edison 70229 | 190,000 |
| | HIV/AIDS Early Intervention Services | Edison 73555 | 106,489 |
| | Inpatient Targeted Transitional Support | Edison 70411 | 198,975 |
| | Intensive Long-Term Support Services Program (ILSSP) Region Three | Edison 66940 | 394,800 |
| | Intensive Long-Term Support Services Region II- East Tennessee | Edison 66541 | 1,147,570 |
| | Juvenile Justice Reform Local Diversion (JJR Grant) | Edison 70412 | 880,000 |
| | Medically Monitored Crisis Detox-Lakeshore | Edison 70841 | 733,065 |
| | Miscellaneous Appropriations - East TN Military Services | | 150,000 |
| | Peer Support Centers | Edison 62881 | 376,470 |
| | Peer Wellness Coach - East Tennessee | Edison 66570 | 64,000 |
| | Projects for Assistance in the Transition from Homelessness | Edison 70284 | 15,025 |
| | Regional Housing Facilitator: CHI-2 Substance Use Housing Facilitator | Edison 70230 | 200,000 |
| | School Based Behavioral Health Liaisons | Edison 70458 | 710,000 |
| | Supported Employment Initiative | Edison 70025 | 123,500 |
| | Tennessee Certified Recovery Court Treatment Services Program | Edison 70730 | 149,542 |
| Tennessee Movie Initiative | Edison 70066 | 161,800 | |
| Tennessee Recovery Oriented Compliance Strategy (TN-ROCS) | Edison 70399 | 186,763 | |

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, 2022

| <u>Grantor or Pass-Through Grantor</u> | <u>Program Name or Contract Name</u> | <u>Grant #</u> | <u>Expenditures</u> |
|--|---|----------------|-----------------------------|
| STATE ASSISTANCE PROGRAMS (Continued) | | | |
| Tennessee Department of Mental Health and Substance Abuse Services (Continued) | Indigent Supervised Probation Offenders Treatment (ADAT SPOT) | Edison 69858 | 19,910 |
| | Tennessee Resiliency Project | Edison 73352 | 115,451 |
| | TN Department of Correction (TDOC) Community Treatment Collaborative(CTC) | Edison 69864 | 77,673 |
| | TTI Grant - Pilot Children/Youth Behavioral Health Coordination Project | Edison 73941 | 23,942 |
| | Women's Recovery Oriented System of Care - Pregnant Women's State | Edison 69868 | 35,510 |
| | Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS) | Edison 69868 | 27,362 |
| | Total Tennessee Department of Mental Health and Substance Abuse | | <u>16,225,796</u> |
| Tennessee Department of Children's Services | After Care Services | Edison 56496 | 296,493 |
| | Child Abuse Prevention - East Region | Edison 57228 | 30,354 |
| | Child Abuse Prevention - Knox Region | Edison 57227 | 35,000 |
| | Child Abuse Prevention - Smoky Mountain Region | Edison 57224 | 13,412 |
| | Community Intervention Services | Edison 56466 | 265,443 |
| | DCS Continuum | PBC01700 | 6,143,348 |
| | Local Education Funding(BEP) | | 41,110 |
| | Passed Through Knox County Juvenile Court Custody Prevention Services | Edison 56479 | 183,392 |
| | Special Education Grant for Lakebrook Academy and Gateway Center | SPED01740 | 5,980 |
| | Total Tennessee Department of Children's Services | | <u>7,014,532</u> |
| Tennessee Department of Treasury - Sexual Assault Forensic Examination (SAFE) | SANE - TN Exam Reimbursement | none | 75,230 |
| | Total Tennessee Department of Treasury | | <u>75,230</u> |
| | TOTAL STATE ASSISTANCE PROGRAMS | | <u>23,670,284</u> |
| | TOTAL FEDERAL AND STATE ASSISTANCE PROGRAMS | | <u>\$ 41,057,032</u> |

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, 2022

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, 2022. 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 31.70% indirect cost rate.

HELEN ROSS McNABB CENTER, INC.
SCHEDULE I
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2022

| ASSETS | <u>Center</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Total</u> |
|--|-----------------------|----------------------|------------------------|-----------------------|
| CURRENT ASSETS | | | | |
| Cash and Cash Equivalents | \$ 10,264,991 | \$ 3,994,479 | \$ 0 | \$ 14,259,470 |
| Short-Term Investments | 1,988,822 | 0 | 0 | 1,988,822 |
| Receivables, Net | 10,523,951 | 0 | 0 | 10,523,951 |
| Due from McNabb Foundation | 210,533 | 0 | (210,533) | 0 |
| Pledges Receivable, Net | 0 | 1,108,168 | 0 | 1,108,168 |
| Accounts Receivable - Center | 0 | 500,000 | (500,000) | 0 |
| Prepaid Expenses | 641,669 | 0 | 0 | 641,669 |
| Total Current Assets | <u>23,629,966</u> | <u>5,602,647</u> | <u>(710,533)</u> | <u>28,522,080</u> |
| PROPERTY AND EQUIPMENT - NET | <u>47,556,200</u> | <u>0</u> | <u>0</u> | <u>47,556,200</u> |
| OTHER ASSETS | | | | |
| Investments Restricted for Endowment | 0 | 37,201,676 | 0 | 37,201,676 |
| Long-Term Pledges Receivable, Net | 0 | 626,322 | 0 | 626,322 |
| Investments for Deferred Compensation Plan | 950,093 | 0 | 0 | 950,093 |
| Beneficial Interest in Assets Held by Foundation | 42,904,393 | 0 | (42,904,393) | 0 |
| Total Other Assets | <u>43,854,486</u> | <u>37,827,998</u> | <u>(42,904,393)</u> | <u>38,778,091</u> |
| TOTAL ASSETS | <u>\$ 115,040,652</u> | <u>\$ 43,430,645</u> | <u>\$ (43,614,926)</u> | <u>\$ 114,856,371</u> |
| LIABILITIES AND NET ASSETS | | | | |
| | <u>Center</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Total</u> |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 3,281,428 | \$ 111,566 | \$ 0 | \$ 3,392,994 |
| Accounts Payable - McNabb Foundation | 500,000 | 0 | (500,000) | 0 |
| Accounts Payable - Center | 0 | 210,533 | (210,533) | 0 |
| Accrued Annual Leave | 1,733,560 | 0 | 0 | 1,733,560 |
| Accrued Salaries Payable | 1,435,111 | 0 | 0 | 1,435,111 |
| Deferred Revenue | 0 | 204,153 | 0 | 204,153 |
| Other Accrued Liabilities | 1,006,637 | 0 | 0 | 1,006,637 |
| Current Portion of Long-Term Liabilities | 25,000 | 0 | 0 | 25,000 |
| Total Current Liabilities | <u>7,981,736</u> | <u>526,252</u> | <u>(710,533)</u> | <u>7,797,455</u> |
| LONG-TERM LIABILITIES | | | | |
| Note Payable | 75,000 | 0 | 0 | 75,000 |
| Grant Notes Payable | 6,168,982 | 0 | 0 | 6,168,982 |
| Deferred Compensation Plans Payable | 950,093 | 0 | 0 | 950,093 |
| Total Long-Term Liabilities | <u>7,194,075</u> | <u>0</u> | <u>0</u> | <u>7,194,075</u> |
| TOTAL LIABILITIES | <u>15,175,811</u> | <u>526,252</u> | <u>(710,533)</u> | <u>14,991,530</u> |
| NET ASSETS | | | | |
| Without Donor Restrictions | 53,654,324 | 25,841,294 | 0 | 79,495,618 |
| With Donor Restrictions | 46,210,517 | 17,063,099 | (42,904,393) | 20,369,223 |
| Total Net Assets | <u>99,864,841</u> | <u>42,904,393</u> | <u>(42,904,393)</u> | <u>99,864,841</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 115,040,652</u> | <u>\$ 43,430,645</u> | <u>\$ (43,614,926)</u> | <u>\$ 114,856,371</u> |

HELEN ROSS McNABB CENTER, INC.
SCHEDULE I
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2021

| ASSETS | <u>Center</u> | <u>Foundation</u> | <u>Eliminations</u> | <u>Total</u> |
|--|-----------------------|----------------------|------------------------|-----------------------|
| CURRENT ASSETS | | | | |
| Cash and Cash Equivalents | \$ 13,936,684 | \$ 6,568,622 | \$ 0 | \$ 20,505,306 |
| 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 | <u>23,850,633</u> | <u>11,456,127</u> | <u>(3,785,889)</u> | <u>31,520,871</u> |
| PROPERTY AND EQUIPMENT - NET | <u>40,581,153</u> | <u>0</u> | <u>0</u> | <u>40,581,153</u> |
| 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 | <u>47,741,838</u> | <u>36,056,373</u> | <u>(46,783,527)</u> | <u>37,014,684</u> |
| TOTAL ASSETS | <u>\$ 112,173,624</u> | <u>\$ 47,512,500</u> | <u>\$ (50,569,416)</u> | <u>\$ 109,116,708</u> |
| | | | | |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | \$ 1,851,382 | \$ 119,564 | \$ 0 | \$ 1,970,946 |
| Accounts Payable -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 | <u>9,404,968</u> | <u>728,973</u> | <u>(3,785,889)</u> | <u>6,348,052</u> |
| LONG-TERM LIABILITIES | | | | |
| Note Payable | 100,000 | 0 | 0 | 100,000 |
| Grant Notes and Leases Payable | 4,519,732 | 0 | 0 | 4,519,732 |
| Deferred Compensation Plans Payable | 958,311 | 0 | 0 | 958,311 |
| Total Long-Term Liabilities | <u>5,578,043</u> | <u>0</u> | <u>0</u> | <u>5,578,043</u> |
| TOTAL LIABILITIES | <u>14,983,011</u> | <u>728,973</u> | <u>(3,785,889)</u> | <u>11,926,095</u> |
| NET ASSETS | | | | |
| Net Assets Without Donor Restriction | 47,529,532 | 28,021,816 | 0 | 75,551,348 |
| Net Assets With Donor Restrictions | 49,661,081 | 18,761,711 | (46,783,527) | 21,639,265 |
| Total Net Assets | <u>97,190,613</u> | <u>46,783,527</u> | <u>(46,783,527)</u> | <u>97,190,613</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 112,173,624</u> | <u>\$ 47,512,500</u> | <u>\$ (50,569,416)</u> | <u>\$ 109,116,708</u> |

HELEN ROSS McNABB CENTER, INC.
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

| | Center Total | Foundation Total | Eliminations | Consolidated Total |
|--|----------------------|----------------------|------------------------|-----------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| TennCare, Medicare, and Other, Net | \$ 29,407,779 | \$ 0 | \$ 0 | \$ 29,407,779 |
| Direct Federal Assistance | 3,013,015 | 0 | 0 | 3,013,015 |
| State of Tennessee | 36,891,137 | 0 | 0 | 36,891,137 |
| Local Governments | 6,439,592 | 0 | 0 | 6,439,592 |
| Contributions and Support: | | | | |
| Cash and Other Financial Assets | 0 | 3,708,838 | 0 | 3,708,838 |
| Gifts-In-Kind | 433,933 | 810 | 0 | 434,743 |
| Present Value and Allowance | | | | |
| Adjustment of Contributions | 0 | (31,113) | 0 | (31,113) |
| United Way | 1,452,485 | 0 | 0 | 1,452,485 |
| Investment Return, Net | 24,468 | 1,058,532 | 0 | 1,083,000 |
| Special Events, Net: | | | | |
| Cash and Other Financial Assets | 0 | 1,398,603 | 0 | 1,398,603 |
| Gifts-In-Kind | 0 | 293,803 | 0 | 293,803 |
| Less Direct Costs | 0 | (694,450) | 0 | (694,450) |
| Net Special Events Revenue | 0 | 997,956 | 0 | 997,956 |
| Other Income | 34,867 | 0 | 0 | 34,867 |
| Unrealized Gain (Loss) on Investments | 0 | (6,352,952) | 0 | (6,352,952) |
| Other Grants | 1,567,164 | 0 | 0 | 1,567,164 |
| Helen Ross McNabb Foundation | (266,173) | 0 | 266,173 | 0 |
| Gain (Loss) on Disposal of Assets | (21,436) | 0 | 0 | (21,436) |
| Total Revenues and Other Support | 78,976,831 | (617,929) | 266,173 | 78,625,075 |
| EXPENSES | | | | |
| Program Services | 62,363,897 | 3,123,617 | (3,054,846) | 62,432,668 |
| Administrative and General | 12,871,348 | 13,000 | 0 | 12,884,348 |
| Fund Raising | 567,358 | 624,588 | (558,115) | 633,831 |
| Total Expenses | 75,802,603 | 3,761,205 | (3,612,961) | 75,950,847 |
| INCREASE (DECREASE) IN NET ASSETS | 3,174,228 | (4,379,134) | 3,879,134 | 2,674,228 |
| NET ASSETS, BEGINNING OF YEAR | 97,190,613 | 46,783,527 | (46,783,527) | 97,190,613 |
| Transfer to Foundation | (500,000) | 500,000 | 0 | 0 |
| NET ASSETS, END OF YEAR | \$ 99,864,841 | \$ 42,904,393 | \$ (42,904,393) | \$ 99,864,841 |

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 | 1,990,960 | 0 | 0 | 1,990,960 |
| State of Tennessee | 30,700,358 | 0 | 0 | 30,700,358 |
| Local Governments | 4,316,473 | 0 | 0 | 4,316,473 |
| Contributions and Support: | | | | |
| Cash and Other Financial Assets | 0 | 3,034,715 | 0 | 3,034,715 |
| Gifts-In-Kind | 0 | 22,594 | 0 | 22,594 |
| Present Value and Allowance | | | | |
| Adjustment of Contributions | 0 | 20,105 | 0 | 20,105 |
| United Way | 1,858,860 | 0 | 0 | 1,858,860 |
| Investment Income | (93,718) | 1,371,010 | 0 | 1,277,292 |
| Special Events: | | | | |
| Cash and Other Financial Assets | 0 | 661,494 | 0 | 661,494 |
| Gifts-In-Kind | 0 | 89,970 | 0 | 89,970 |
| Less Direct Costs | 0 | (239,136) | 0 | (239,136) |
| Net Special Events Revenue | 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 | <u>89,211,335</u> | <u>11,538,525</u> | <u>(14,895,618)</u> | <u>85,854,242</u> |
| 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 | <u>69,116,998</u> | <u>1,937,108</u> | <u>(1,794,201)</u> | <u>69,259,905</u> |
| 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 | <u>\$ 97,190,613</u> | <u>\$ 46,783,527</u> | <u>\$ (46,783,527)</u> | <u>\$ 97,190,613</u> |

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



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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, 2022, 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 December 15, 2022.

Report on 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.

Report on 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*.



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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
December 15, 2022



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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

Opinion on Each Major Federal Program

We have audited Helen Ross McNabb Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Example Entity's major federal programs for the year ended June 30, 2022. 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.

In our opinion, Helen Ross McNabb Center, Inc. complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Helen Ross McNabb Center, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Helen Ross McNabb Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Helen Ross McNabb Center, Inc.'s federal programs.



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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Helen Ross McNabb Center Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Helen Ross McNabb Center Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Helen Ross McNabb Center Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Helen Ross McNabb Center Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Helen Ross McNabb Center Inc.'s as of and for the year ended June 30, 2022, and have issued our report thereon dated December 15, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 15, 2022

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

| | | | |
|---|-----------------------|------------------------------------|--|
| Type of auditor's report issued: | <i>Unmodified</i> | | |
| Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No | |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported | |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No | |

Federal Awards

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

Identification of major programs:

| Assistance Listings | Name of Federal Program or Cluster |
|---------------------|---|
| 14.267 | Continuum of Care Program |
| 93.958 | Block Grants for Community Mental Health Services |
| 93.243 | Substance Abuse and Mental Health Services |
| 16.575 | Crime Victim Assistance |
| 93.558 | Temporary Assistance for Needy Families |

| | | | |
|--|--------------------------|----------------------|--|
| Dollar threshold used to distinguish between type A and type B programs: | \$ | 750,000 | |
| Auditee qualified as low-risk auditee? | <u> X </u> Yes | <u> </u> 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, 2022

Financial Statement Findings

There were none reported.

Federal Award Findings and Questioned Costs

There were none reported.