

GREENE COUNTY SKILLS, INC.
FINANCIAL STATEMENTS
June 30, 2023

GREENE COUNTY SKILLS, INC.
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June 30, 2023

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**GREENE COUNTY SKILLS, INC.
ROSTER OF BOARD MEMBERS
June 30, 2023**

Harold Love – Board Chairman
Gary Shelton – Vice Chairman
Larry Bible
Steve King
Andy Seals

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greene County Skills, Inc.
Greeneville, Tennessee

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Greene County Skills, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County Skills, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the roster of board members but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 27, 2024, on my consideration of Greene County Skills, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Greene County Skills, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "David M. Ellis". The signature is written in dark ink and is positioned above the printed name and date.

David M. Ellis, CPA
Greeneville, Tennessee
February 27, 2024

GREENE COUNTY SKILLS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

Current Assets		
Cash and Cash Equivalents	\$ 2,226,955	
Client Custodial Accounts	2,674	
Marketable Securities	9	
Prepaid Expenses	23,170	
Other Receivable	303	
Accounts Receivable-State of Tennessee	550,315	
Accounts Receivable-Community Options	-	
Inventory	-	
Total Current Assets		\$ 2,803,426
Property and Equipment	4,245,727	
Less: Accumulated Depreciation	(2,699,436)	
Net Property and Equipment		1,546,291
Right of Use Assets - Financing, net		26,819
Total Assets		<u>\$ 4,376,536</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 116,187	
Accrued Salaries	116,588	
Accrued Vacation Payable	173,870	
Client Custodial Accounts	2,674	
Finance Lease Liabilities-Current Portion	9,595	
Total Current Liabilities		\$ 418,914
Long-Term Liabilities		
Finance Lease Liabilities	16,979	
Total Long-Term Liabilities		<u>16,979</u>
Total Liabilities		435,893
Net Assets		
Without Donor Restrictions	3,940,643	
With Donor Imposed Restrictions	-	
Total Net Assets		<u>3,940,643</u>
Total Liabilities and Net Assets		<u>\$ 4,376,536</u>

The accompanying notes to the financial statements are an integral part of this statement.

GREENE COUNTY SKILLS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER			
SUPPORT			
State of Tennessee Division of			
Intellectual Disabilities	\$ 6,727,329	\$ 246,718	\$ 6,974,047
Community Options	9,024	-	9,024
State of Tennessee Department of Transportation	-	-	-
Other Revenue			
Auto Sales	-	-	-
Transportation Income	22,904	-	22,904
Contributions	-	-	-
Gain/(Loss) on Sale of Assets	7,121	-	7,121
Other Income	1,789	-	1,789
Vending Income	17	-	17
Interest Income	8,656	-	8,656
Net Assets Released From Restriction			
Restriction Satisfied by Performance of Services	246,718	(246,718)	-
	7,023,558	-	7,023,558
Expenses			
Program Service	5,342,181	-	5,342,181
Management and General	1,279,101	-	1,279,101
Total Expenses	6,621,282	-	6,621,282
CHANGE IN NET ASSETS	402,276	-	402,276
NET ASSETS AT BEGINNING OF YEAR	3,538,367	-	3,538,367
NET ASSETS AT END OF YEAR	\$ 3,940,643	\$ -	\$ 3,940,643

The accompanying notes to the financial statements are an integral part of this statement.

GREENE COUNTY SKILLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services	Supporting Services	Total
Salaries and Wages	\$ 3,482,265	\$ 575,337	\$ 4,057,602
Payroll Taxes	259,261	44,881	304,142
Employee Benefits	356,573	100,822	457,395
Travel	28,175	565	28,740
Communications and Printing	6,755	30,945	37,700
Occupancy	12,559	68,799	81,358
Food	264	2,127	2,391
Supplies	9,637	34,195	43,832
Equipment Rent	-	332	332
Maintenance and Repairs	355	45,123	45,478
Transportation	34,836	19,953	54,789
Client Benefits	1,142,421	-	1,142,421
Insurance	-	70,724	70,724
Depreciation	-	157,468	157,468
Professional Services	25	79,145	79,170
New Employee Costs	7,125	2,038	9,163
Dues and Subscriptions	668	27,680	28,348
Right of Use Asset-Interest	-	81	81
Right of Use Asset-Amortization	-	9,526	9,526
Miscellaneous	1,262	9,360	10,622
	<u>\$ 5,342,181</u>	<u>\$ 1,279,101</u>	<u>\$ 6,621,282</u>

The accompanying notes to the financial statements are an integral part of this statement.

GREENE COUNTY SKILLS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$ 402,276
Adjustments to Reconcile Change in Net Assets to Net Cash Provided	
By Operating Activities	
Depreciation	157,468
Amortization Right of Use Asset	9,526
Gain on Sale of Property and Equipment	(7,121)
(Increase) Decrease in Operating Assets	
Accounts Receivable	67
Accounts Receivable-State of Tennessee	221,737
Accounts Receivable-Community Options	2,238
Prepaid Expenses	(2,404)
Inventory	-
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(31,659)
Salaries Payable	(7,595)
Vacation Payable	8,722
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>753,255</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Disposal of Property and Equipment	7,500
Payments for Property and Equipment	<u>(55,047)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(47,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Reduction of Finance Lease Liability	<u>(9,771)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(9,771)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	695,937
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,531,018</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 2,226,955</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest Paid	<u><u>\$ -</u></u>
Operating Lease Liability	<u><u>\$ 36,345</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Greene County Skills, Inc. is a private, not-for-profit organization located in Greeneville, Tennessee. Principal funding comes from the State of Tennessee Division of Intellectual Disabilities. The purpose of the Organization is to provide training, occupational, educational and social services to adults who are developmentally disabled. Organization operations are conducted by the director and staff under the guidance of the Board of Directors.

B. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects. Net assets required to be held in perpetuity represent restricted gifts held in investment accounts. Generally, donor of these assets may permit the Organization to use all or part of the income earned for general or specific purposes.

C. REVENUE RECOGNITION

Contributions are recognized in accordance generally accepted accounting principles. Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions.

D. BASIS OF ACCOUNTING

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

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

F. INVENTORY

Inventory is stated at cost and consists of vehicles available for sale.

G. DONATED SERVICES

No amounts have been reflected in the statements for donated services in that no objective basis is available to measure the value of such services; however, a number of volunteers have donated time in the Organization's program services.

H. DONATED PROPERTY AND EQUIPMENT

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

I. PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Property and equipment donated for Organization operations are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized. Additions and betterments of \$500 or more are capitalized, while repairs that do not substantially lengthen the life of an asset nor add to its value are expensed as incurred.

J. LEASES

Transactions give rise to leases when the Organization receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Organization has lessee activity that is classified as financing leases. Financing leases are included in right of use assets-financing and lease liabilities in the statement of financial position unless the term is twelve months or less.

Right of use assets represent the right to use underlying assets for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Financing lease right of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk free rate at lease commencement to perform a lease classification test and to measure the lease liability and right of use asset. Amortization expense for financing lease payments is recognized on a straight-lien basis over the lease term.

K. ALLOCATION OF EXPENSES

The cost of providing the programs and other activities has been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

L. INCOME TAXES

Greene County Skills, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501 (c) (3) and is subject only to tax on unrelated business income. There was no unrelated business tax liability for the fiscal year end. The Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

M. BAD DEBTS

The Organization uses the direct write-off method of accounting for bad debts, which is not materially different from the reserve method.

N. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers cash on hand, cash in checking, food stamps on hand and savings accounts to be a part of cash and cash equivalents.

O. ADOPTION OF NEW ACCOUNTING STANDARDS

In February 2016, the FASB issued guidance codified in ASC Topic 842, Leases, which amends the guidance in former ASC Topic 840. The new standard increases transparency and comparability by requiring the recognition by lessees of right-of-use ("ROU") assets and lease liabilities on the statement of net position for those leases classified as financing leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASC Topic 842, Leases, is effective for fiscal years beginning after December 15, 2021 for nonpublic companies.

The Organization adopted the lease standard using the modified retrospective transition approach and the effective date method, which allowed the Organization to apply the new lease standard at the adoption date of July 1, 2022. As a result of adopting the new standard effective July 1, 2022, the Organization recorded lease assets of \$36,345 and lease liabilities of \$36,345, which represented the present value of remaining lease payments using the risk free rate. The Organization has elected to use the transition package of practical expedients and short-term lease exemption. There was no effect on the Organization's statement of activities.

NOTE 2 – CLIENT CUSTODIAL ACCOUNTS

Client custodial accounts consist of restricted checking accounts maintained by the Organization for each supported living home which the Organization oversees. Individuals who reside in these homes remit to their "house account" money to pay their homes applicable bills. Any money not used for house expenses is then returned to the individuals.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Depreciation
Leasehold improvements	\$ 2,629	\$ 2,629
Vehicles	1,157,120	1,018,659
Equipment	396,022	387,309
Buildings	<u>2,689,956</u>	<u>1,290,839</u>
	<u>\$ 4,424,527</u>	<u>\$ 2,699,436</u>

Depreciation expense for 2023 was \$157,468.

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – FINANCING LEASES

The Organization has financing leases for copiers. The copier leases are to expire at various dates through fiscal year end 2027.

The table below presents a maturity analysis of lease liabilities and a reconciliation of the total amount of such liabilities recognized in the statement of financial position as of June 30, 2023:

Right-of-use-assets-financing	\$ 36,345
Accumulated amortization	<u>(9,526)</u>
Right-of-use-assets-financing, net	<u>\$ 26,819</u>
Financing lease liabilities-current portion	\$ 9,595
Financing lease liabilities, net of current portion	<u>16,979</u>
Total financing lease liabilities	<u>\$ 26,571</u>

The maturities of lease liabilities as of June 30, 2023, are as follows:

2024	\$ 9,852
2025	6,971
2026	6,971
2027	<u>4,066</u>
Total lease payments	27,860
Less amount representing interest	<u>(1,286)</u>
Present value of lease liabilities	26,574
Less current portion of	<u>(9,595)</u>
Long-term portion	<u>\$ 16,979</u>

NOTE 5 – THIRD-PARTY REIMBURSEMENT ARRANGEMENTS

Greene County Skills, Inc. provides service to clients under the Medicaid Waiver Program, whereby allowable costs are billed to the funding source subsequent to performance. Operating as a paid service provider, the Organization derives a substantial portion of its support in this manner.

The Organization operates in a heavily regulated environment and operations are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including but not limited to the Tennessee Division of Intellectual Disabilities. Such administrative directives, rules and regulations are subject to change by legislative acts. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 6 – ECONOMIC DEPENDENCY

The Organization receives nearly 99% of its support and revenue dollars from the Tennessee Division of Intellectual Disabilities and TennCare. Without this ongoing funding, the Organization would not likely be able to continue operating at its current functional level.

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash in demand deposit accounts with a local bank. Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2023, the Organization had \$1,732,737 in uninsured cash balances.

In the normal course of doing business the Organization typically has significant accounts receivable. Accounts receivable from the State of Tennessee Division of Intellectual Disabilities and TennCare represent over 99% of the accounts receivable balance.

NOTE 8 – RELATED PARTY TRANSACTION

A board member is a loan officer at a bank that holds the Organization's cash accounts and in the past has made loans to the Organization. Bank account balances at related party bank are \$946,369 and loan balances at related party bank are \$0 at fiscal year-end.

NOTE 9 – GRANT RESTRICTION

In past fiscal years the Organization has received funding from the State of Tennessee Department of Transportation (TDOT) to help purchase vehicles to be used to transport individual service recipients. The Organization received correspondence from TDOT stating that the vehicles were primarily funded with federal dollars and TDOT was responsible for providing direct oversight and compliance measures for all subrecipients. To provide this oversight TDOT requested that the titles for these vehicles be submitted to their office. TDOT will hold these titles until the Organization requests permission to dispose of these vehicles. The Organization has submitted the titles for all requested vehicles. The book value of these vehicles was \$138,273 at fiscal year-end.

NOTE 10 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities and the conduct of services undertaken to support those activities to be general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liability and other obligations become due.

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, comprise the following as of June 30:

Financial assets at year end:	
Cash	\$ 2,226,955
Accounts receivable	<u>550,315</u>
Total financial assets	2,777,270

GREENE COUNTY SKILLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Less amounts not available to be used within one year:	
Net assets subject to restrictions	_____ -
Financial assets available to meet cash needs for	
general expenditures within one year	\$ <u>2,777,270</u>

NOTE 11 – DEFERRED COMPENSATION PLAN

The Organization offers its employees an optional deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding this program is the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements.

NOTE 12 – UNCERTAIN TAX POSITIONS

The Organization follows the FASB *Accounting Standards Codification* which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. As of June 30, 2023, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the Organization's financial statements.

NOTE 13 – SUBSEQUENT EVENT

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, the date the financial statements were available to be issued.

DAVID M. ELLIS
Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

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

To the Board of Directors of
Greene County Skills, Inc.
Greeneville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greene County Skills, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Greene County Skills, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greene County Skills, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "David M. Ellis". The signature is written in a cursive style with a large, looped 'D' and 'E'.

David M. Ellis, CPA
Greeneville, Tennessee
February 27, 2024

GREENE COUNTY SKILLS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2023

There were no prior findings reported.