



TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 20, 2026

ALPS
Mahon Fritts
600 North Daisy Street
Morristown, TN 37814

We have begun the 2026-2027 budget process. In order to be considered for a contribution from Hamblen County, we are requesting certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA)*.

This year, we are requesting that your documents be submitted electronically to the Finance Department at the following email addresses:

Amanda Hale – ahale@co.hamblen.tn.us
Dennis Fox – dfox@co.hamblen.tn.us

Please provide the following items **electronically**:

- 1) proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue
- 2) your organization's most current audit or annual report detailing all receipts and expenditures, and
- 3) your organization's most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee on **Saturday, May 16, 2026**, to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by **Monday, March 23, 2026**. If you have any questions, please feel free to contact me.

Sincerely,

Amanda Hale

Amanda Hale
Hamblen County Finance Director

2025-2026 Contribution:

\$7,000

Amanda Hale, Finance Director

511 West Second North Street • Morristown, TN 37814 • *office.* 423.586.1931 • *fax.* 423.585.4699

www.HamblenCountyTN.gov • *email.* ahale@co.hamblen.tn.us



Dear Mayor Cutshaw,

On behalf of **ALPS Adult Day Services**, I would like to express our sincere appreciation for the continued support of the Hamblen County Government. For 40 years, ALPS has been a vital community asset, delivering essential adult day services that measurably reduce both the financial and operational strain on county-funded systems.

During our most recent fiscal year, 60% of our participants were residents of Hamblen County. Through community partnerships and responsible fiscal management, ALPS provided approximately \$170,000 in service discounts directly benefiting Hamblen County families. These sliding-scale subsidies ensure that vulnerable older adults and adults with disabilities receive structured supervision, medication management, nutrition, and therapeutic engagement—services that allow caregivers to remain employed and families to remain stable.

We respectfully request continued funding at last year's approved level. While the formal pandemic emergency has concluded, its economic aftereffects persist. Increased operational costs, workforce pressures, and heightened participant acuity continue to impact service delivery. ALPS remains committed to full fiscal accountability, ensuring that 100% of county-allocated funds directly offset sliding-scale assistance for Hamblen County residents. All county appropriations and locally raised funds remain within Hamblen County, exclusively serving its citizens. Further, in 2025 ALPS was named "Best of Tennessee" out of all the specialty healthcare providers in the state, and proud to call Hamblen County home.

Absent ALPS, the downstream impact on other county-supported services—including E-911, Volunteer Fire, EMS, and the Sheriff's Department—would likely increase due to caregiver burnout, medical crises, and preventable emergency interventions. Investment in ALPS functions as a cost-avoidance strategy, strengthening the broader public safety and health infrastructure while preserving family stability.

We are grateful for your consideration and for your longstanding partnership. Your continued support enables ALPS to sustain its mission and protect some of our community's most vulnerable residents. Please feel free to contact us should you require additional documentation or further discussion.

Sincerely,

Mahon J. Fritts
Chief Executive Officer

Love Grows Here!

ALPS Adult Day Services
MORRISTOWN - Profit & Loss Budget Overview
 January through December 2026

	<u>Jan - Dec 26</u>
Ordinary Income/Expense	
Income	
3020 · Revenue-Fees	1,108,080.00
3026 · Scholarship Fees Used	-5,520.00
3030 · Advertise-Newsletter-Caregiver	7,800.00
3035 · Donations-Program	14,400.00
3045 · USDA	38,577.60
3055 · Government	20,000.00
3060 · Fundraisers	101,500.00
3069 · Social Impact	1,680.00
3070 · Interest & Dividends	9,600.00
3080 · Special Grants	1,000.00
Total Income	<u>1,297,117.60</u>
Gross Profit	1,297,117.60
Expense	
6030 · Activities	8,420.00
6040 · Advertising/Marketing	27,702.00
6043 · Maintenance	24,600.00
6050 · Bank Service Charges	2,100.00
6070 · Custodial	5,400.00
6075 · Equipment	18,500.00
6080 · Fundraising	29,600.00
6140 · Insurance	16,820.00
6165 · Interest	34,200.00
6170 · Licensing	350.00
6180 · Meals (USDA)	38,577.60
6190 · Miscellaneous	4,920.00
6200 · Office Supplies	1,200.00
6210 · Postage	480.00
6240 · Wages	598,904.46
6245 · Fringe Benefits	71,868.54
6250 · Employee Appreciation	1,120.00
6270 · Professional Fees	11,800.00
6335 · Subscriptions/memberships	36,200.00
6340 · Telephone	3,900.00
6360 · Travel / Training	17,525.00
6363 · Travel - trans. fees-VA clients	12,000.00
6370 · Utilities	24,000.00
6380 · Volunteer/Board	4,050.00
6900 · Depreciation Expense	42,600.00
Total Expense	<u>1,036,837.60</u>
Net Ordinary Income	<u>260,280.00</u>
Net Income	<u><u>260,280.00</u></u>

ALPS ADULT DAY SERVICES

FINANCIAL STATEMENTS

Year ended December 31, 2024

ALPS ADULT DAY SERVICES

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

Purkey, Carter, Compton, Swann & Carter, PLLC

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of ALPS Adult Day Services (a non-profit organization), which comprise the statement of financial position as of December 31, 2024, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALPS Adult Day Services as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ALPS Adult Day Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ALPS Adult Day Services' 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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, Tennessee
June 6, 2025

ALPS ADULT DAY SERVICES
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

Cash	\$ 751,979
Contracts receivable	60,372
Grants receivable	2,962
Unconditional promises to give	9,500
Prepaid expense	6,822
Property and equipment, net	1,687,009
Finance lease right-to-use asset, net	9,324
Utility deposit	<u>1,650</u>

TOTAL ASSETS \$ 2,529,618

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 15,703
Accrued payroll	6,639
Accrued payroll taxes	2,618
Accrued interest	1,541
Economic injury disaster loan	149,900
Debt issuance costs	(2,389)
Mortgage payable	1,165,505
Finance lease liability	<u>9,324</u>

TOTAL LIABILITIES 1,348,841

NET ASSETS

Net assets without donor restrictions:	
Undesignated	1,141,467
Net assets with donor restrictions	<u>39,310</u>

TOTAL NET ASSETS 1,180,777

TOTAL LIABILITIES AND NET ASSETS \$ 2,529,618

ALPS ADULT DAY SERVICES
STATEMENT OF ACTIVITIES
Year ended December 31, 2024

REVENUE, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions of cash and other financial assets			
United Way	\$ -	\$ 3,000	\$ 3,000
Donations	33,640	-	33,640
Grant income	43,472	-	43,472
Local governments	18,500	6,500	25,000
Client fees	1,077,815	-	1,077,815
Investment income	21,438	-	21,438
Gain on involuntary conversion	15,410	-	15,410
Contributions of nonfinancial assets	17,900	-	17,900
Special events revenue	135,842	-	135,842
Less: Cost of direct benefit to donors	(28,799)	-	(28,799)
Net assets released from restrictions			
Satisfied by time - United Way	3,913	(3,913)	-
Satisfied by purpose	10,233	(10,233)	-
Satisfied by time - Government	6,500	(6,500)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,355,864	(11,146)	1,344,718
EXPENSE			
Program services			
Adult day care services	1,039,338	-	1,039,338
Supporting services			
Management and general	132,108	-	132,108
Fundraising	90,467	-	90,467
TOTAL EXPENSE	1,261,913	-	1,261,913
CHANGE IN NET ASSETS	93,951	(11,146)	82,805
NET ASSETS AT BEGINNING OF YEAR	1,047,516	50,456	1,097,972
NET ASSETS AT END OF YEAR	\$ 1,141,467	\$ 39,310	\$ 1,180,777

ALPS ADULT DAY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Direct Fundraising Costs</u>	<u>Total</u>
	<u>Adult Day Care Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 638,052	\$ 90,719	\$ 69,323	\$ -	\$ 798,094
Employee benefits	28,090	3,994	3,052	-	35,136
Payroll taxes	49,597	7,052	5,388	-	62,037
Total salaries and related expenses	715,739	101,765	77,763	-	895,267
Utilities	24,983	1,041	-	-	26,024
Repairs and maintenance	36,924	1,539	-	-	38,463
Interest	63,636	2,651	-	-	66,287
Telephone	6,047	860	657	-	7,564
Office expense	12,393	1,762	1,347	-	15,502
Postage and printing	-	625	-	-	625
Advertising	21,432	311	1,552	-	23,295
Professional fees	-	5,850	-	-	5,850
Insurance	18,156	757	-	-	18,913
Activities	7,485	-	-	-	7,485
Travel	20,686	11,140	-	-	31,826
Meals	36,848	-	-	-	36,848
Supplies	3,754	583	8,851	-	13,188
Bad debts	476	-	-	-	476
Depreciation	68,042	2,835	-	-	70,877
Amortization	2,737	389	297	-	3,423
Cost of goods sold - auction	-	-	-	9,100	9,100
Cost of direct benefit to donors	-	-	-	19,699	19,699
TOTAL EXPENSE	1,039,338	132,108	90,467	28,799	1,290,712
Less expenses included with revenue on the statement of activities	-	-	-	(28,799)	(28,799)
Total expenses included in the expense section of the statement of activities	\$ 1,039,338	\$ 132,108	\$ 90,467	\$ -	\$ 1,261,913

See accompanying notes to financial statements.

ALPS ADULT DAY SERVICES
STATEMENT OF CASH FLOWS
Year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 82,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	70,877
Amortization of right-to-use-asset - finance lease	3,423
Amortization	1,593
Bad debts	476
Changes in operating assets:	
Contracts receivable	(24,124)
Grants receivable	(622)
Unconditional promises to give	913
Prepaid expense	(610)
Changes in operating liabilities:	
Accounts payable	4,799
Accrued payroll	(21,229)
Accrued payroll taxes	624
Accrued interest	(3,615)
Deferred revenue	<u>(5,500)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 109,810

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(33,143)
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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments	(50,495)
Principal reduction in lease liability - finance lease	<u>(3,423)</u>

NET CASH USED IN FINANCING ACTIVITIES (53,918)

NET INCREASE IN CASH AND RESTRICTED CASH 22,749

CASH AND RESTRICTED CASH AT BEGINNING OF YEAR 729,230

CASH AND RESTRICTED CASH AT END OF YEAR \$ 751,979

Supplemental Disclosures:

Interest paid	\$ 68,309
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

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

Contributions

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

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

The Organization receives amounts from grants and fundraising events that are considered nonreciprocal transactions and accounted for as contributions.

ALPS ADULT DAY SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Concentrations of Credit Risk

The Organization's concentrations of credit risk consist principally of contracts and grants receivable and promises to give. Credit is granted to clients located throughout the area. The ability of these clients to perform on their credit is dependent on economic factors affecting the area. The Organization does not require collateral from its customers. Concentrations of credit risk with respect to grants receivable are limited due to the nature of the grant agreements. Concentrations of credit risk with respect to contracts receivable and promises to give are dependent on factors affecting the economy in which contributors live and work.

Deposits in excess of the Federal Deposit Insurance Corporation's (FDIC) insured limit subject the Organization to credit risk. Total cash balances in excess of the FDIC's insured limit are covered by the financial institution's participation in the Tennessee Collateral Pool.

Contracts Receivable

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

Promises to Give

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

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

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for additions and major renewals are capitalized, while those for maintenance and repairs are charged to expenditures as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets and is reflected as an expense in the Statement of Functional Expenses. The capitalization threshold for property and equipment is \$2,500 per unit.

Functional Expenses

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

ALPS ADULT DAY SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Income Tax Status

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2024.

Contribution of Services and Nonfinancial Assets

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2024, no contributed services met the requirements of ASC Topic 958 for recognition in the financial statements.

Contributed nonfinancial assets are recorded as contributions at their estimated fair values at the date of donation. See Note H – Contributed Nonfinancial Assets for estimated fair value of donations made during the year ended December 31, 2024.

Advertising

The Organization expenses the cost of advertising as it is incurred. Advertising expense for the year ended December 31, 2024, totaled \$23,295.

Interest Expense

Interest expense is charged to expense in the period in which it is incurred; therefore, no interest has been capitalized during the year ended December 31, 2024.

Property Taxes

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

Debt Issuance Costs

ALPS Adult Day Services incurred refinancing loan costs of \$7,965. These costs are being expensed over the remaining life of the loan of 5 years by the straight-line method.

For the year ended December 31, 2024, amortization of debt issuance costs on the loan of \$1,593 is included in interest expense on the Statement of Functional Expenses.

ALPS ADULT DAY SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Revenue Recognition

The Organization recognizes revenue when it satisfies a performance obligation by transfer of promised goods or services to customers in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those goods or services. Revenue is not recognized unless the contract has been approved, it identifies each party's rights, it identifies payment terms, it has commercial substance, and it is probable substantially all consideration will be collected by the Organization. The Organization has elected the practical expedients: (1) to account for contracts with similar characteristics as a portfolio of contracts rather than individually; (2) not to adjust the promised amount of consideration for the effects of significant financing component as it expects, at contract inception, that the period between when the Organization transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less; (3) not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations related to contracts with an expected duration of less than one year.

When either party to a contract has performed, depending on the relationship between the Organization's performance and the customer's payment, the Organization presents a contract asset or contract liability on the statement of financial position. The Organization presents any unconditional rights to consideration separately on the statement of financial position as contracts receivable.

The Organization recognizes client fees over time as performance obligations are satisfied, with fees billed monthly. Client services include access to the Organization's facilities and developmental programs.

The Organization recognizes revenues from fundraising events at a point in time upon transfer of the good or service.

Leases

The Organization determines if an arrangement is a lease at inception. When an arrangement is a lease, management determines if it is an operating lease or finance lease, with classification affecting the pattern of expense recognition in the Statement of Activities. At lease commencement, the Organization records a lease liability and a corresponding right-of-use (ROU) asset. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected to include lease and non-lease components in determining the lease liability for all leases. The Organization has elected to use a risk-free rate as the discount rate for all leases. A ROU asset and lease liability is not recognized for leases with a term of 12 months or less. Lease expense for these leases are recognized on a straight-line basis over the lease term. See Note M.

Subsequent Events

The Organization evaluated subsequent events through June 6, 2025, the date the financial statements were available to be issued.

ALPS ADULT DAY SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE B – FUNDING

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

NOTE C – GRANTS RECEIVABLE

Grants receivable of \$2,962 at December 31, 2024, consists of amounts due from the United States Department of Agriculture for the Child and Adult Care Food Program. No allowance for uncollectible accounts receivable was considered necessary.

NOTE D – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2024, consist of the following:

City of Morristown	\$	6,500
Greene County – United Way		<u>3,000</u>
	\$	<u>9,500</u>

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

NOTE E – PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on December 31, 2024, consisted of the following:

Land	\$	303,772
Building		2,108,842
Furnishings and equipment		216,136
Vehicle		<u>26,362</u>
		2,655,112
Less accumulated depreciation		<u>(968,103)</u>
Net property and equipment		<u>\$ 1,687,009</u>

Depreciation expense for the year ended December 31, 2024, was \$70,877.

ALPS ADULT DAY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024

NOTE F – LIQUIDITY

ALPS Adult Day Services has \$815,313 of financial assets, consisting of cash of \$751,979, contracts receivable of \$60,372, and grants receivable of \$2,962, available within one year of the Statement of Financial Position date to meet cash needs for general expenditures. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

The Organization has unconditional promises to give in the amount of \$9,500 restricted by time and when payment is received can be used for general expenditures. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

NOTE G – DEBT

The Organization is indebted to Heritage Community Bank for a principal balance of \$1,165,505. The maturity date of the loan is June 10, 2026, with a variable rate of interest. The interest rate at year end is 4.99% per annum and is subject to change every day thereafter. The monthly payment at year end is \$9,224 and is subject to change every day thereafter. Prepayment amounts are allowed and offset the principal amount.

Interest expense incurred during the year for this loan amounted to \$60,190, of which none was capitalized.

As of December 31, 2024, future maturities of the aforementioned debt are as follows:

2025	\$ 53,744
2026	<u>1,111,761</u>
Total	<u>\$ 1,165,505</u>

NOTE H – CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2024, contributed nonfinancial assets recognized within the Statement of Activities included:

Advertising	\$ 8,800
Fundraising supplies	<u>9,100</u>
	<u>\$ 17,900</u>

The Organization recognized contributed nonfinancial assets revenue and a corresponding expense in an amount approximating the estimated value at the time of donation. The Organization received contributed nonfinancial assets of fundraising supplies and advertising. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

ALPS ADULT DAY SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Contributed fundraising supplies and advertising were utilized in fundraising to provide the Organization with opportunities to promote public awareness and raise funds for operational program services.

Donated advertising is recognized as a contribution based on the amount required to become a fundraising partner.

NOTE I – EMPLOYEE BENEFIT PLANS

The Organization offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA. All employees receiving at least \$5,000 in compensation during a calendar year are eligible to participate in the Plan. The Organization makes a dollar-for-dollar contribution of up to 3% of employees' compensation for the calendar year to all eligible employees. For the year ended December 31, 2024, the Organization's matching contributions to the plan were \$14,749, which is included in employee benefits expense.

The Organization adopted a medical expense reimbursement plan under Internal Revenue Code Section 105 covering full-time employees who have been employed full-time for no less than six months. Pursuant to Internal Revenue Code Section 105, the plan provides for reimbursement of eligible current medical expenses not otherwise covered under insurance or other forms of reimbursement. Reimbursements received by the employees are not taxable and are limited to \$50 per month per employee. Any unused balance cannot be carried over. Medical reimbursement expense for the year ended December 31, 2024, totaled \$9,191, which is included in employee benefits expense.

The Organization offers a group insurance package to employees at the Organization's expense. The insurance package includes short and long-term disability, dental, and vision. Expenses related to the group insurance package totaled \$9,824, which is included in employee benefits expense.

NOTE J – REVENUE FROM CONTRACTS WITH CUSTOMERS

Disclosure of Disaggregated Revenue

For the year ended December 31, 2024, revenues recognized from goods or services transferred to customers at a point in time were \$28,799.

For the years ended December 31, 2024, revenues recognized from goods or services transferred to customers over time were \$1,077,815.

The Organization's revenues, results of operations, and cash flows are affected by separate factors, including general economic conditions, geographical locations of customers, and type of contract. Contracts with clients are not typically considered long-term due to the structure of client agreements.

Disclosure of Contract Assets, Contract Liabilities and Contracts Receivable

The Organization had no contract assets or contract liabilities from contracts with customers at December 31, 2024 and 2023.

ALPS ADULT DAY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024

The Organization had contract receivables from contracts with customers at December 31, 2024 and 2023 in the amounts of \$60,372 and \$34,793, respectively. Contracts receivable that are considered bad debts are written off in the year that they are determined to be uncollectible. At December 31, 2024, the Organization believes all contracts receivable are collectible and has not recorded a reserve for bad debts.

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

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

City of Morristown - Annual Appropriation	\$ 6,500
Greene County - United Way	3,000
Scholarships	29,267
Birding Supplies	<u>543</u>
	<u>\$ 39,310</u>

NOTE L – ECONOMIC INJURY DISASTER LOAN

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

At December 31, 2024, future maturities of the aforementioned debt are as follows:

2025	\$ 3,716
2026	3,819
2027	3,926
2028	4,035
2029	4,147
Thereafter	<u>130,257</u>
Total	<u>\$ 149,900</u>

Interest expense incurred during the year for this loan amounted to \$4,077, of which none was capitalized.

ALPS ADULT DAY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024

NOTE M – FINANCE LEASE

The Organization leases two copiers under a 39-month financing lease agreement with ImageMatters. The payments are \$350 per month, plus small charges for any late fees and additional copies.

The following table reconciles the future minimum undiscounted lease payments to the lease liabilities reported within the Statement of Financial Position as of December 31, 2024:

Years ending December 31,	
2025	\$ 4,200
2026	4,200
2027	<u>1,400</u>
Total lease payments	9,800
Less: Discount/interest	<u>(476)</u>
Present value of lease liabilities	<u>\$ 9,324</u>

The following tables provide quantitative information concerning the Organization's lease for the year ended December 31, 2024:

Lease Cost	
Finance Lease Cost	
Amortization of right-to-use asset expense	\$ 3,423
Interest in lease liabilities expense	<u>427</u>
Total lease cost	<u>\$ 3,850</u>
Other information	
Cash paid for Amounts Included in the Measurement Of Lease Liabilities	
Operating cash flows from finance lease	<u>\$ 427</u>
Financing cash flows from finance lease	<u>\$ 3,423</u>
Weighted-average remaining lease term – finance lease	2.3 years
Weighted-average discount rate - finance lease	4.16%

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date **NOV 07 2006**

ALPS Adult Day Services
600 N Daisy Street
Morristown, TN 37814

Person to Contact:

Sally Froehle
ID# 31-08058

Toll Free Telephone Number:

877-829-5500

Employer Identification Number:

58-1726410

Dear Sir or Madam:

This is in response to your request of September 20, 2006 regarding your name change. We have updated our records to show the name change above.

Our records indicate that a determination letter was issued in September 1987 recognized you as exempt from Federal income tax. Our records further indicate that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(1) and 170(b)(1)(A)(vi).

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

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

Sincerely,



Cindy Westcott
Manager, Exempt Organizations
Determinations