

Internal Revenue Service

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

Date: May 17, 2006

LAKeway CENTER OF THE
HANDICAPPED INC
320 INDUSTRIAL AVE
MORRISTOWN TN 37813-1106 208

Person to Contact:

John Kennedy ID 31-07927
Customer Service Representative

Toll Free Telephone Number:
877-829-5500

Federal Identification Number:
62-1059541

Dear Sir or Madam:

This is in response to your request of May 17, 2006, regarding your organization's tax-exempt status.

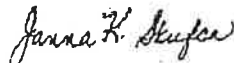
In December 1979 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

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

Sincerely,



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

LCH COMBINED

MONTHLY PROFIT & LOSS BUDGET July 25 to June 26

Budget 2025-2026

	JUL BUDGET	AUG BUD	SEPT BUDGET	OCT BUDGET	NOV BUDGET	DEC BUDGET	JAN BUDGET	FEB BUDGET
Choices Blue care	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00
DONATIONS	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
HAMBLEEN COUNTY	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
MEDICAID WAIVER	1,100,000.00	1,150,000.00	1,100,000.00	1,150,000.00	1,100,000.00	1,150,000.00	1,100,000.00	1,000,000.00
MISC. INCOME	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00
GROUP HOME INCOME	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00
SECTION 8 HOUSING INCOME	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
TRANSPORTATION								
UNITED WAY HAMBLEEN CO	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
SCHOOL								
Expense	1,105,610.00	1,155,610.00	1,105,610.00	1,155,610.00	1,105,610.00	1,155,610.00	1,105,610.00	1,005,610.00
ADMINISTRATIVE - DAY	130,000.00	110,000.00	110,000.00	110,000.00	110,000.00	110,000.00	130,000.00	110,000.00
BANK FEES	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
BANK PROCESSING FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bereavement	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
CLIENT LOSSES	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
CLIENT EXPENSES	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	15,000.00	11,000.00	11,000.00
CONTRACTED SERVICES	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00
DEPRECIATION	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
DUES AND SUBSCRIPTIONS	0.00	8,800.00	0.00	0.00	0.00	0.00	0.00	0.00
EMPLOYEE EXPENSES	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
EQUIPMENT LEASE	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
FICA - LAC	60,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	60,000.00
FOOD								
FOOD SUPPLIES								
FUNDRAISING EXPENSE	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
GROUP HOME EXPENSES	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
HEALTH INS - LAC	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00
INS, BLDG, LIABILITY	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00
LICENSURE	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
MAINTENANCE - LAC	9,100.00	9,100.00	9,100.00	9,100.00	9,100.00	9,100.00	9,100.00	9,100.00
MAINTENANCE -RESIDENTIAL	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00

LCH COMBINED

MONTHLY PROFIT & LOSS BUDGET July 25 to June 26

	Budget 2025-2026											
	JUL BUDGET	AUG BUD	SEPT BUDGET	OCT BUDGET	NOV BUDGET	DEC BUDGET	JAN BUDGET	FEB BUDGET				
MEDWAIVER NURSING EXPENSES	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
MISCELLANEOUS	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
NURSING SUPPLIES	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
OFFICE SUPPLIES	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00
PAYROLL SALARIES	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00
PETROLEUM PRODUCTS	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
POSTAGE	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
PROFESSIONAL SERVICES	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
RENTALS	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00
RETIREMENT	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00	5,700.00
SALARIES	650,000.00	750,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	750,000.00
SECTION 8 RENT EXPENSE												
STAFF DEVELOPMENT	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
STAFF HIRING EXPENSES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
STAFF INCENTIVE	4,500.00	4,500.00	4,500.00	4,500.00	15,000.00	6,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
SUPPLIES	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
TELEPHONE	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00
TRAVEL	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
UNEMPLOYMENT TAX	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
UTILITIES	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00
WORK. COMP. - LAC	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00
WORKSHOP SUPPLIES												
	1,095,350.00	1,189,150.00	1,080,350.00	1,080,350.00	1,091,150.00	1,086,350.00	1,100,350.00	1,175,350.00				
	10,260.00	-33,540.00	25,260.00	75,260.00	14,460.00	69,260.00	5,260.00	-169,740.00				
Net Income	10,260.00	-33,540.00	25,260.00	75,260.00	14,460.00	69,260.00	5,260.00	-169,740.00				

LCH COMBINED
MONTHLY PROFIT & LOSS BUDGET July 25 to June 26

Budget 2025-2026

	MAR BUDGET	APRIL BUDGET	MAY BUDGET	JUNE BUDGET	Budget
Choices Blue care	27,000.00	27,000.00	27,000.00	27,000.00	324,000.00
DONATIONS	200.00	200.00	200.00	250.00	2,450.00
HAMBLEEN COUNTY	200.00	200.00	200.00	200.00	2,400.00
MEDICAID WAIVER	1,150,000.00	1,100,000.00	1,150,000.00	1,100,000.00	13,350,000.00
MISC. INCOME	110.00	110.00	110.00	110.00	1,320.00
GROUP HOME INCOME	3,900.00	3,900.00	3,900.00	3,900.00	46,800.00
SECTION 8 HOUSING INCOME	1,100.00	1,100.00	1,100.00	1,100.00	13,200.00
TRANSPORTATION					-
UNITED WAY HAMBLEEN CO	100.00	100.00	100.00	100.00	1,200.00
SCHOOL					-
Expense	1,155,610.00	1,105,610.00	1,155,610.00	1,105,660.00	13,741,370.00
ADMINISTRATIVE - DAY	110,000.00	110,000.00	110,000.00	110,000.00	1,360,000.00
BANK FEES	100.00	100.00	100.00	100.00	1,200.00
BANK PROCESSING FEES	0.00	0.00	0.00	0.00	-
Bereavement	400.00	400.00	400.00	400.00	4,800.00
CLIENT LOSSES	300.00	300.00	300.00	300.00	3,600.00
CLIENT EXPENSES	11,000.00	11,000.00	11,000.00	11,000.00	136,000.00
CONTRACTED SERVICES	9,000.00	9,000.00	9,000.00	9,000.00	108,000.00
DEPRECIATION	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00
DUES AND SUBSCRIPTIONS	0.00	300.00	0.00	0.00	9,400.00
EMPLOYEE EXPENSES	4,000.00	4,000.00	4,000.00	4,000.00	48,000.00
EQUIPMENT LEASE	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
FICA - LAC	65,000.00	65,000.00	65,000.00	65,000.00	770,000.00
FOOD					-
FOOD SUPPLIES					-
FUNDRAISING EXPENSE	200.00	200.00	200.00	200.00	2,400.00
GROUP HOME EXPENSES	2,800.00	2,800.00	2,800.00	2,800.00	33,600.00
HEALTH INS - LAC	55,000.00	55,000.00	55,000.00	55,000.00	660,000.00
INS, BLDG, LIABILITY	9,500.00	9,500.00	9,500.00	9,500.00	114,000.00
LICENSURE	400.00	400.00	400.00	400.00	4,800.00
MAINTENANCE - LAC	9,100.00	9,100.00	9,100.00	9,100.00	109,200.00
MAINTENANCE -RESIDENTIAL	23,000.00	23,000.00	23,000.00	23,000.00	276,000.00

LCH COMBINED
MONTHLY PROFIT & LOSS BUDGET July 25 to June 26

	Budget 2025-2026				
	MAR BUDGET	APRIL BUDGET	MAY BUDGET	JUNE BUDGET	Budget
MEDWAIVER NURSING EXPENSES	45,000.00	45,000.00	45,000.00	45,000.00	540,000.00
MISCELLANEOUS	200.00	200.00	200.00	200.00	2,400.00
NURSING SUPPLIES	250.00	250.00	250.00	250.00	3,000.00
OFFICE SUPPLIES	700.00	700.00	700.00	700.00	8,400.00
PAYROLL SALARIES	14,000.00	14,000.00	14,000.00	14,000.00	168,000.00
PETROLEUM PRODUCTS	6,000.00	6,000.00	6,000.00	6,000.00	72,000.00
POSTAGE	200.00	200.00	200.00	200.00	2,400.00
PROFESSIONAL SERVICES	12,000.00	12,000.00	12,000.00	12,000.00	144,000.00
RENTALS	6,500.00	6,500.00	6,500.00	6,500.00	78,000.00
RETIREMENT	5,700.00	5,700.00	5,700.00	5,700.00	68,400.00
SALARIES	650,000.00	650,000.00	650,000.00	650,000.00	8,000,000.00
SECTION 8 RENT EXPENSE					
STAFF DEVELOPMENT	1,200.00	1,200.00	1,200.00	1,200.00	14,400.00
STAFF HIRING EXPENSES	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
STAFF INCENTIVE	4,500.00	4,500.00	4,500.00	4,500.00	66,500.00
SUPPLIES	4,000.00	4,000.00	4,000.00	4,000.00	48,000.00
TELEPHONE	3,200.00	3,200.00	3,200.00	3,200.00	38,400.00
TRAVEL	400.00	400.00	400.00	400.00	4,800.00
UNEMPLOYMENT TAX	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
UTILITIES	8,500.00	8,500.00	8,500.00	8,500.00	102,000.00
WORK. COMP. - LAC	9,000.00	9,000.00	9,000.00	9,000.00	108,000.00
WORKSHOP SUPPLIES					
	1,080,350.00	1,080,650.00	1,080,350.00	1,080,350.00	13,220,100.00
	75,260.00	24,960.00	75,260.00	25,310.00	521,270.00
Net Income	75,260.00	24,960.00	75,260.00	25,310.00	521,270.00

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST**

**COMBINED
FINANCIAL STATEMENTS**

June 30, 2024

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
TABLE OF CONTENTS
June 30, 2024

	Page
Schedule of Officers and Directors	1
Independent Auditor's Report	2-4
 Basic Financial Statements	
Combined Statements:	
Combined Statement of Financial Position	5
Combined Statement of Activities	6
Combined Statement of Functional Expenses	7
Combined Statement of Cash Flows	8
Combined Notes to Financial Statements	9-15
 Supplementary Information	
Combining Statements:	
Combining Statement of Financial Position	16-17
Combining Statement of Activities	18
Combining Statement of Cash Flows	19
Schedule of Expenditures of Federal Awards and State Financial Assistance	20
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>	21-22
Schedule of Prior Year Findings	23

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF OFFICERS AND DIRECTORS
JUNE 30, 2024**

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Mike Minnich	Chairperson	2026
Jimmy Davis	Vice-Chairperson	2025
Brian Steisslinger	Treasurer	2026
Patsy Wright	Secretary	2027
Charlene Davis	Director	2026
Marilyn Medley	Director	2026
Rick Eldridge	Director	2027
Annette Wright	Director	2027
Jeff Armstrong	Director	2025
Jessica Rich	Director	2024
Stan Harville	Director	2027
Hugh Clement	Director	2025
Bonnie Guthrie	Executive Director	
Vicki Hughes	Accountant	

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lakeway Achievement Center, Inc. and LCH Benefit Trust

Report on the Audit of the Combined Financial Statements

Opinion

I have audited the accompanying combined financial statements of Lakeway Achievement Center, Inc. and LCH Benefit Trust (nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Lakeway Achievement Center, Inc. and LCH Benefit Trust as of June 30, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 Combined Financial Statements section of my report. I am required to be independent of Lakeway Achievement Center, Inc. and LCH Benefit Trust and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeway Achievement Center, Inc. and LCH Benefit Trust's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

My objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 Lakeway Achievement Center, Inc. and LCH Benefit Trust'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 combined financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeway Achievement Center, Inc. and LCH Benefit Trust'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.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information consisting of the combining statements of financial position, activities and cash flows, and schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and are 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 my opinion, the combining statements of financial position, activities and cash flows, and schedule of expenditures of federal awards and state financial assistance, are fairly stated, in all material respects, in relation to the financial statements as a whole.

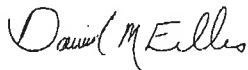
Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of officers and directors but does not include the financial statements and my auditor's report thereon. My opinion on the 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 financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 August 11, 2025, on my consideration of Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting and compliance.



David M. Ellis, CPA
Greeneville, Tennessee
August 11, 2025

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

Current Assets	
Cash and cash equivalents	\$ 3,316,846
Investments	3,215,559
Accounts receivable	1,176,429
Prepaid expenses	4,427
Inventory	<u>1,354</u>
Total Current Assets	<u>7,714,615</u>
Property and Equipment	
Less: Accumulated depreciation	<u>(3,189,743)</u>
Net Capital Assets	<u>5,182,947</u>
Other Assets	
Utility deposits	2,113
Unbilled receivables	<u>14,348</u>
Total Other Assets	<u>16,461</u>
Total Assets	<u><u>\$ 12,914,023</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 39,344
Payroll tax payable	122,256
Accrued payroll	351,142
Investment in LCH Benefit Trust	750,000
Other accrued expenses	4,803
Accrued vacation	<u>204,184</u>
Total Current Liabilities	<u>1,471,729</u>
Net Assets	
Without donor restrictions	11,277,861
With donor restrictions	<u>164,433</u>
Total Net Assets	<u>11,442,294</u>
Total Liabilities and Net Assets	<u><u>\$ 12,914,023</u></u>

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

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenue, Support, and Other Gains	
State of Tennessee-Department of Intellectual & Developmental Disabilities (DIDD)/TennCare	\$ 14,688,606
Choices BlueCare	425,100
Housing	224,618
United Way	807
County contributions	3,000
Interest	52,938
Group Home income	45,669
Investment income	100,897
Unrealized gain/(loss) on investments	10,141
Insurance proceeds and miscellaneous	<u>42,269</u>
Total Revenue, Support, and Other Gains without Donor Restrictions	<u>15,594,045</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>
TOTAL REVENUE, SUPPORT, AND OTHER GAINS WITHOUT DONOR RESTRICTIONS	15,594,045
Expenses	
Program Services	12,596,560
Lakeway Achievement Center	62,502
LCH Benefit Trust	
Supporting Services	<u>2,175,223</u>
Management and general	
Total Expenses	<u>14,834,285</u>
INCREASE IN NET ASSETS	759,760
NET ASSETS AT BEGINNING OF YEAR	<u>10,682,534</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 11,442,294</u></u>

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

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services		Total Program Services	LCH Benefit Trust	Supporting Services		Totals
	Lakeway Adult Activity Center	Medicaid Waiver Group Home			Management and General	Totals	
Personnel services	\$ 742,368	\$ 8,484,210	\$ 9,226,578	\$ -	\$ 1,378,684	\$ 10,605,262	
Payroll taxes	58,620	669,944	728,564	-	108,866	837,430	
Fringe benefits	73,009	834,380	907,389	-	135,587	1,042,976	
Total Personnel Cost	873,997	9,988,534	10,862,531	-	1,623,137	12,485,668	
Bank fees	-	-	-	-	1,661	1,661	
Contracted services	38,306	38,306	76,612	-	-	76,612	
Depreciation	-	-	-	62,502	223,046	285,548	
Dues and licenses	-	-	-	-	23,821	23,821	
Housing	-	38,572	38,572	-	-	38,572	
Insurance	47,934	167,769	215,703	-	23,967	239,670	
Maintenance	85,711	342,846	428,557	-	-	428,557	
Miscellaneous	1,039	3,637	4,676	-	557	5,233	
Nursing services	-	453,586	453,586	-	-	453,586	
Office supplies	1,938	6,782	8,720	-	969	9,689	
Other employee	33,189	116,162	149,351	-	16,594	165,945	
Other rentals	-	109,001	109,001	-	-	109,001	
Other supplies	13,026	45,591	58,617	-	6,503	65,120	
Petroleum products	16,166	24,248	40,414	-	-	40,414	
Postage and shipping	-	-	-	-	2,765	2,765	
Professional services	121,165	-	121,165	-	145,777	145,777	
Service recipient costs	-	-	-	-	-	121,165	
Telephone and paging	-	2,045	2,045	-	-	43,403	
Travel	-	18,007	27,010	-	-	2,045	
Utilities	9,003	-	-	-	63,023	90,033	
	\$ 1,241,474	\$ 11,355,086	\$ 12,596,560	\$ 62,502	\$ 2,175,223	\$ 14,834,285	

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

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 759,760
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	285,548
(Increase) decrease in operating assets:	
Accounts receivable	(111,570)
Prepaid expenses	39
Unbilled receivables	(12,279)
Increase (decrease) in operating liabilities:	
Accounts payable	14,769
Payroll tax payable	7,555
Accrued payroll	24,018
Accrued vacation	83,586
Other current liability	(25,314)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,026,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES	(1,110,270)
Net investment activity	(621,099)
Payments for property and equipment additions	<u>(1,731,369)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	(705,257)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>4,022,103</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>\$ 3,316,846</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 3,316,846</u></u>
SUPPLEMENTAL DISCLOSURES	<u><u>\$ -</u></u>
Interest paid	

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

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Nature of Activities

Lakeway Achievement Center, Inc. (the Agency) is a nonprofit Tennessee corporation, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The purpose of LAC is to provide habilitation services for handicapped persons. The books of the Agency are maintained in separate funds for each program service which is comprised of the following:

- Lakeway Adult Activity Center contains the activities for the adult day care services for developmentally disabled adults.
- Residential homes provide community based residential services for developmentally disabled adults.
- Medicaid Waiver – Group Homes – provides supported living services for high-need disabled adults.

LCH Benefit Trust (LCH) is a nonprofit Tennessee corporation, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

- LCH Benefit Trust receives rents and other funds given in trust to the Agency to support all activities for the Agency.

Basis of Presentation

The accounting policies of the Agency have been designed to conform to U.S. generally accepted accounting principles (“U.S. GAAP”) as applicable to not-for-profit organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time. For conditional contributions, the Agency reports contributions restricted by donors as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the same reporting period in which the revenue is recognized. For contributions that are unconditional in nature, the Agency reports contributions restricted by donors as increases in net assets without donor restrictions when the donor restriction expires in the same reporting period in which the contribution is received.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The entity has a policy of requiring pledged collateral from the financial institution for any securities acquired in repurchase agreements.

Property and Equipment

The Agency capitalizes property and equipment over \$1,000. In addition, all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are also capitalized. Repairs that neither substantially lengthen the life of an asset nor add to its value are expensed as incurred. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to forty years for buildings and improvements.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Taxes

The Agency is a tax-exempt organization under Section 501(c)(3) of the 1986 Internal Revenue Code, and no provision for income taxes is made in these financial statements. The Agency is not considered a private foundation.

Internal Revenue Service Forms 990 filed by Lakeway Achievement Center, Inc. and LCH Benefit Trust are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the agency are no longer subject to examination for the fiscal years ended June 30, 2020 and prior.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Estimates

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

Bad Debts

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

Compensated Absences

Agency policy allows for the following:

Annual leave – Employees with less than five years of service receive five and a half hours of leave per month after working one hundred and sixty hours. Employees with more than five years and less than ten years of service receive seven and a half hours of leave per month. Employees with more than ten years of service receive ten hours of leave per month. Employees with less than five years of service can carry over a maximum of fourteen days of leave from year to year. Employees with more than five and less than fifteen years of service can carry over a maximum of twenty days of leave from year to year. Employees with more than fifteen years of service can carry over a maximum of twenty-six days of leave from year to year. The liability for accrued annual leave was \$204,184 at June 30, 2024.

Right of use assets and lease liabilities

Right of use (“ROU”) assets represent the Agency’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Agency’s obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the Agency’s incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Agency will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Finance lease expense is recognized as amortization of the right of use asset and interest expense. As permitted by ASU 2016-02, *Leases: Topic 842*, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying statements of financial position.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

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

Building and Land for Program Services	\$164,433
--	-----------

For additional information, see Note 10, Contingencies.

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

NOTE 3 – LAND, BUILDING, EQUIPMENT, AND DEPRECIATION

Property and equipment and the related accumulated depreciation consist of the following:

	Cost	Accumulated Depreciation
Land	\$ 761,781	\$ -
Buildings & Improvements	4,468,633	(1,471,960)
Vehicles	1,326,154	(1,123,074)
Furniture & Fixtures	166,627	(159,866)
Software System	1,649,495	(434,843)
	\$ 8,372,690	\$(3,189,743)

The Agency capitalizes acquisitions with a cost or estimated market value in excess of \$1,000. Depreciation expense for the year ended June 30, 2024, was \$285,548.

NOTE 4 – INVESTMENTS

At June 30, 2024, LCH Benefit Trust held investments consisting of 30% money market funds and 70% fixed income funds. All investments are stated at fair market value.

NOTE 5 – RETIREMENT

The Agency has established a defined contribution retirement plan. Each participant has his or her own account. The Agency contributes an amount annually to the plan based on Board approval.

The Agency incurred \$60,000 of expenses associated with this plan during the fiscal year.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Agency maintains its bank accounts at Home Trust Bank, Truist, and First Horizon Bank. At June 30, 2024, cash in deposit accounts totaling \$2,448,369 were fully insured by the Federal Deposit Insurance Corporation (FDIC).

LCH maintains a money market account and certificates of deposit at Baird. Cash and securities are insured by either the Securities Investor Protection Corporation up to \$500,000 or the FDIC up to \$250,000 depending on the type of security. At year end, the current value of each asset at Baird was fully insured.

In the normal course of doing business the Agency typically has significant accounts receivable. Accounts receivable from the State of Tennessee Department of Intellectual and Developmental Disabilities (DIDD) represent approximately 99% of the accounts receivable balance.

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

NOTE 7 – THIRD-PARTY REIMBURSEMENT ARRANGEMENTS

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

NOTE 8 – ECONOMIC DEPENDENCY

The Agency receives approximately 99% of its support and revenue dollars from DIDDs and TennCare. Without this ongoing funding, the Agency would likely not be able to continue operating at its current functional level.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following reflects the Agency's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial assets at year-end:	
Cash	\$ 3,316,846
Investments	2,465,559
Accounts receivable	<u>1,176,429</u>
Total financial assets	6,958,834
Less amounts not available to be used within one year:	
Net assets subject to restrictions	<u>(164,433)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,794,401</u>

NOTE 10 – CONTINGENCIES

The Agency occupies and uses for its program services a building originally provided by the State of Tennessee. In return for a \$1 per year lease payment, the Agency may use the building for program services. The Agency may not dispose of it, and in the event it is no longer needed for its intended purpose, possession will revert to the State. The building was recorded by the Agency as a fixed asset June 23, 2003 when it was transferred. The current book value of the transferred property is presented as a net asset with donor restrictions of \$164,433. Improvements have been made to this property over the years and carry a current book value of \$1,644,176.

LCH owns a house that was partially funded by support from THDA. That support is secured by a lien against the property that expires forty years from its inception. Should LCH sell the house, a pro-rata portion of the original grant will have to be repaid.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 – UNCERTAIN TAX POSITIONS

The Agency follows the FASB *Accounting Standards Codification* which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. As of June 30, 2024, the Agency had no uncertain tax positions that qualify for either recognition or disclosure in the Agency's financial statements.

NOTE 12 - FAIR VALUE MEASUREMENT, INVESTMENTS AND INVESTMENT RETURN

ASC 820, *Fair Value Measurement*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- (i) Quoted prices for similar assets or liabilities in active markets;
- (ii) Quoted prices for identical or similar assets or liabilities in inactive markets;
- (iii) Inputs other than quoted prices that are observable for the asset or liability;
- (iv) Inputs derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 - Inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities at fair value. There have been no changes in the methodologies used at June 30, 2024:

- (i) Money market and mutual funds: Valued at the net asset value of shares held by the Organization at year end in an active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINED NOTES TO FINANCIAL STATEMENTS
June 30, 2024

management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. At June 30, 2024, the Organization's investments were all classified as Level 1 in the fair value hierarchy

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through August 11, 2025, the date the financial statements were issued.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2024

	<u>Lakeway Achievement Center</u>	<u>LCH Benefit Trust</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,285,958	\$ 1,030,888	\$ 3,316,846
Investments	750,000	2,465,559	3,215,559
Accounts receivable	1,176,429	-	1,176,429
Prepaid expenses	4,427	-	4,427
Inventory	1,354	-	1,354
	<u>4,218,168</u>	<u>3,496,447</u>	<u>7,714,615</u>
Total Current Assets			
Property and Equipment			
Land	399,878	361,903	761,781
Building/leasehold improvements	2,522,239	1,946,394	4,468,633
Furniture and equipment	166,627	-	166,627
Vehicles	1,326,154	-	1,326,154
Software system	1,649,495	-	1,649,495
Less: Accumulated depreciation	<u>(2,583,289)</u>	<u>(606,454)</u>	<u>(3,189,743)</u>
Net Capital Assets	<u>3,481,104</u>	<u>1,701,843</u>	<u>5,182,947</u>
Other Assets			
Utility deposits	2,113	-	2,113
Unbilled receivables	14,348	-	14,348
	<u>16,461</u>	<u>-</u>	<u>16,461</u>
Total Other Assets			
Total Assets	<u>\$ 7,715,733</u>	<u>\$ 5,198,290</u>	<u>\$ 12,914,023</u>

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2024

	<u>Lakeway Achievement Center</u>	<u>LCH Benefit Trust</u>	<u>Total</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 39,344	\$ -	\$ 39,344
Payroll tax payable	122,256	-	122,256
Accrued payroll	351,142	-	351,142
Lakeway investment	-	750,000	750,000
Other accrued expenses	4,803	-	4,803
Accrued vacation	204,184	-	204,184
	<u>721,729</u>	<u>750,000</u>	<u>1,471,729</u>
 Total Current Liabilities			
Net Assets			
Without donor restrictions	6,829,571	4,448,290	11,277,861
With donor restrictions	164,433	-	164,433
	<u>6,994,004</u>	<u>4,448,290</u>	<u>11,442,294</u>
 Total Net Assets			
 Total Liabilities and Net Assets	<u>\$ 7,715,733</u>	<u>\$ 5,198,290</u>	<u>\$ 12,914,023</u>

See Independent Auditor's Report.

LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Lakeway Achievement Center	LCH Benefit Trust	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenue, Support, and Other Gains			
State of Tennessee-Department of Intellectual & Developmental Disabilities (DIDD)/TennCare	\$ 14,688,606	\$ -	\$ 14,688,606
Choices BlueCare	425,100	-	425,100
Housing	18,745	205,873	224,618
United Way	807	-	807
County contributions	3,000	-	3,000
Interest	52,938	100,897	153,835
Group Home income	45,669	-	45,669
Unrealized gain/(loss) on investments	-	10,141	10,141
Other	42,269	-	42,269
Total Revenue, Support, and Other Gains without Donor Restrictions	<u>15,277,134</u>	<u>316,911</u>	<u>15,594,045</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE, SUPPORT, AND OTHER GAINS WITHOUT DONOR RESTRICTIONS	<u>15,277,134</u>	<u>316,911</u>	<u>15,594,045</u>
Expenses			
Program Services			
Lakeway Achievement Center	12,596,560	-	12,596,560
LCH Benefit Trust	-	62,502	62,502
Supporting Services			
Management and general	2,175,223	-	2,175,223
Total Expenses	<u>14,771,783</u>	<u>62,502</u>	<u>14,834,285</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>505,351</u>	<u>254,409</u>	<u>759,760</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN NET ASSETS	<u>505,351</u>	<u>254,409</u>	<u>759,760</u>
NET ASSETS - BEGINNING OF YEAR	<u>6,488,653</u>	<u>4,193,881</u>	<u>10,682,534</u>
NET ASSETS - END OF YEAR	<u>\$ 6,994,004</u>	<u>\$ 4,448,290</u>	<u>\$ 11,442,294</u>

See Independent Auditor's Report.

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024**

	Lakeway Achievement Center	LCH Benefit Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (Decrease) in Net Assets	\$ 505,351	\$ 254,409	\$ 759,760
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	223,046	62,502	285,548
(Increase) decrease in operating assets:			
Accounts receivable	(111,570)	-	(111,570)
Prepaid expenses	39	-	39
Unbilled receivables	(12,279)	-	(12,279)
Increase (decrease) in operating liabilities:			
Accounts payable	14,769	-	14,769
Accrued payroll	24,018	-	24,018
Payroll tax payable	7,555	-	7,555
Accrued vacation	83,586	-	83,586
Other current liability	(25,314)	-	(25,314)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>709,201</u>	<u>316,911</u>	<u>1,026,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment activity	-	(1,110,270)	(1,110,270)
Payments for property and equipment additions	(621,099)	-	(621,099)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(621,099)</u>	<u>(1,110,270)</u>	<u>(1,731,369)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,102	(793,359)	(705,257)
BEGINNING CASH AND CASH EQUIVALENTS	<u>2,947,856</u>	<u>1,074,247</u>	<u>4,022,103</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 3,035,958</u>	<u>\$ 280,888</u>	<u>\$ 3,316,846</u>
SUPPLEMENTAL DISCLOSURES			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor	Federal Assistance Listings Number	Contract Number	Expenditures
Federal Awards			
TOTAL FEDERAL AWARDS			\$ -
State Financial Assistance			
Tennessee Department of Intellectual and Developmental Disabilities	N/A	N/A	14,688,606
TOTAL STATE AWARDS			14,688,606
TOTAL FEDERAL & STATE AWARDS			\$ 14,688,606

Note 1 - Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Lakeway Achievements Center, Inc. and LCH Benefit Trust under programs of the federal and state governments for the year ended June 30, 2024. The schedule is presented using the accrual basis of accounting. All of the financial assistance was received by Lakeway Achievement Center, Inc.

See Independent Auditor's Report.

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

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

To the Board of Directors of
Lakeway Achievement Center, Inc. and LCH Benefit Trust

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Lakeway Achievement Center, Inc. and LCH Benefit Trust (nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued my report thereon dated August 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control over financial reporting (internal control) as a basis for designing 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 Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control. Accordingly, I do not express an opinion on the effectiveness of Lakeway Achievement Center, Inc. and LCH Benefit Trust's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeway Achievement Center, Inc. and LCH Benefit Trust'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.



David M. Ellis, CPA

Greeneville, Tennessee

August 11, 2025

**LAKEWAY ACHIEVEMENT CENTER, INC.
LCH BENEFIT TRUST
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2024**

There were no prior year findings.