

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

February 28, 2025

Amanda Hale Finance Director Hamblen County 511 West Second North Street Morristown, TN 37814

Ms. Hale,

Enclosed please find the Request for Funding Application and supporting documentation from the McNabb Center, Inc. We respectfully request a total of \$9,100 in funding for the Youth Emergency Shelter (\$2,700) and New Hope Recovery (\$6,400).

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

Sincerely,

bellez G

Shelby Graves Executive Assistant to the CEO



FINANCE DEPARTMENT

February 11, 2025

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

We have begun the 2025-2026 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 – <u>ahale@co.hamblen.tn.us</u> Dennis Fox – <u>dfox@co.hamblen.tn.us</u>

Please provide the following items <u>electronically</u>:

- 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 17, 2025, 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 17, 2025. If you have any questions, please feel free to contact me.

Sincerely,

amanda Hale

Amanda Hale Hamblen County Finance Director 2024-2025 Contribution:

\$6,200

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



ATLANTA GA 39901-0001

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

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

011739

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

Dear Taxpayer:

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

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

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

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

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

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

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

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

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

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

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

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

Thank you for your cooperation.

Sincerely yours,

Ten m Jol

Teri M. Johnson Operations Manager, AM Ops. 3

Knoxville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023



CONSOLIDATED FINANCIAL STATEMENTS

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ROSTER OF OFFICIALS

Board of Directors

George Kershaw, Chair Dr. Jerry Epps, Chair-Elect Wade Davies , Past Chair Mitch Steenrod, Treasurer Dr. Rebecca Ashford, Secretary Whit Addicks Mickey Wade Andrea White Eden Bishop Robbie Arrington David Wedekind Missy Drinnon Traci Topham Clarence Vaughn Cheryl Rice David Hall Brian Rauch Brian Rauch Cindy Sexton Laura Shamiyeh Carl Van Hoozier

Mona Blanton-Kitts, Chief Executive Officer Jason Lay, CPA, Chief Financial Officer

FINANCIAL SECTION



PUGH & COMPANY, P.C. 315 NORTH CEDAR BLUFF ROAD, SUITE 200 KNOXVILLE, TENNESSEE 37923 Telephone: 865-769-0660 Fax: 865-769-1660

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Helen Ross McNabb Center, Inc., and affiliate (the Center) which comprise the consolidated statements of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Helen Ross McNabb Center, Inc. and affiliate as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and considered whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024 on our consideration of the Helen Ross McNabb Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Helen Ross McNabb Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Helen Ross McNabb Center, Inc.'s internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants Knoxville, Tennessee November 21, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30,	-	2024		2023
	SSETS				
CURRENT ASSETS Cash and Cash Equivalents Short-Term Investments Receivables, Net Pledges Receivable, Net Prepaid Expenses		\$	18,373,013 2,559,649 14,147,698 1,234,605 1,061,634	\$	18,960,225 6,957,757 10,746,130 1,127,769 836,931
Total Current Assets		-	37,376,599		38,628,812
PROPERTY AND EQUIPMENT - NET		-	53,017,359	,	49,117,532
RIGHT-OF-USE LEASE ASSETS		-	435,584	i	406,482
OTHER ASSETS Investments Restricted for Endowment Long-Term Pledges Receivable, Net Long-Term Investments Investments for Deferred Compensation Plans Total Other Assets		-	53,351,349 1,166,989 3,498,868 903,696 58,920,902	ŕ	44,591,152 584,437 0 583,442 45,759,031
TOTAL ASSETS		\$ =	149,750,444	\$	133,911,857
LIABILITIES	AND NET ASSETS				
Accounts Payable Accrued Annual Leave Accrued Salaries Payable Other Accrued Liabilities Deferred Revenue Current Portion of Lease Liabilities Current Portion of Long-Term Liabilities		\$	2,918,809 2,206,274 2,352,830 689,146 3,268,216 196,010 25,000	\$	2,540,649 1,974,317 1,729,255 678,380 4,875,108 170,977 25,000
Total Current Liabilities		-	11,656,285		11,993,686
LONG-TERM LIABILITIES Note Payable Grant Notes Payable Lease Liabilities Deferred Compensation Plans Payable Total Long-Term Liabilities		-	25,000 10,044,801 239,408 903,696 11,212,905		50,000 9,944,101 231,046 583,442 10,808,589
		-	22,869,190		22,802,275
NET ASSETS Net Assets Without Donor Restrictions Net Assets With Donor Restrictions Total Net Assets		-	98,116,305 28,764,949 126,881,254		86,390,778 24,718,804 111,109,582
TOTAL LIABILITIES AND NET ASSETS		\$_	149,750,444	\$	133,911,857
		-			

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

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2024

		Net Assets Without Donor Restrictions	 Net Assets With Donor Restrictions		Total
PATIENT SERVICES REVENUE TennCare Other Third Party Payors Less: Contractual Adjustments	\$	42,159,266 8,398,726 (16,926,201)	\$ 0 0 0	\$	42,159,266 8,398,726 (16,926,201) 33,631,791
Direct Federal Assistance State of Tennessee Local Governments and Other Grants NET PATIENT SERVICES REVENUE		33,631,791 5,339,903 52,666,532 8,093,811 99,732,037	 0 0 0 0	· ·	5,339,903 52,666,532 8,093,811 99,732,037
CONTRIBUTIONS AND OTHER Contributions and Other Support Investment Return, Net Unrealized Gain on Investments Special Events, Net Other Income		1,088,633 1,741,085 3,551,455 984,492 2,792,190	 2,780,370 571,161 1,474,859 0 0		3,869,003 2,312,246 5,026,314 984,492 2,792,190
Total Contributions and Other		10,157,855	 4,826,390		14,984,245
NET ASSETS RELEASED FROM RESTRICTIONS Purpose Restrictions Total Revenues and Other Support		780,245 110,670,137	 (780,245) 4,046,145		0 114,716,282
EXPENSES Program Services: Mental Health Substance Abuse Social Services Crisis Services Foster Care and Adoption Early Intervention and Prevention Justice Programs		36,768,050 11,136,184 6,797,422 8,001,396 7,534,438 2,885,487 5,533,278	 0 0 0 0 0 0 0	. .	36,768,050 11,136,184 6,797,422 8,001,396 7,534,438 2,885,487 5,533,278
Total Program Services		78,656,255	 0	• •	78,656,255
Supporting Services: Administrative and General Fund Raising		19,801,662 486,693	 0		19,801,662 486,693
Total Supporting Services	•	20,288,355	 0		20,288,355
Total Expenses		98,944,610	 0	• •	98,944,610
INCREASE IN NET ASSETS		11,725,527	4,046,145		15,771,672
NET ASSETS, BEGINNING OF YEAR		86,390,778	 24,718,804		111,109,582
NET ASSETS, END OF YEAR	\$	98,116,305	\$ 28,764,949	: :	126,881,254

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

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2023

PATIENT SERVICES REVENUE TennCare Other Third Party Payors	- \$	Net Assets Without Donor Restrictions 39,959,870 5,744,513	\$	Net Assets With Donor Restrictions 0 0	\$	Total 39,959,870 5,744,513
Less: Contractual Adjustments	-	(13,355,817)		0		(13,355,817)
	-	32,348,566	•	0	•	32,348,566
Direct Federal Assistance State of Tennessee Local Governments and Other Grants	_	5,138,035 38,581,539 7,208,863		0 0 0		5,138,035 38,581,539 7,208,863
NET PATIENT SERVICES REVENUE	-	83,277,003	-	0		83,277,003
CONTRIBUTIONS AND OTHER Contributions and Other Support Investment Return, Net Unrealized Gain (Loss) on		1,455,314 1,068,814		3,615,432 339,226		5,070,746 1,408,040
Investments Special Events, Net Other Income	_	2,024,439 971,324 2,399,828		1,094,775 0 0		3,119,214 971,324 2,399,828
Total Contributions and Other	-	7,919,719	-	5,049,433		12,969,152
NET ASSETS RELEASED FROM RESTRICTIONS				(200, 250)		0
Purpose Restrictions	-	699,852	•	(699,852)	•	<u> </u>
Total Revenues and Other Support	-	91,896,574	•	4,349,581	•	90,240,155
EXPENSES Program Services: Mental Health Substance Abuse Social Services Crisis Services Foster Care and Adoption Early Intervention and Prevention Justice Programs	_	30,672,488 9,874,547 6,439,486 7,233,270 6,772,330 2,806,364 5,205,575	-	0 0 0 0 0 0 0		30,672,488 9,874,547 6,439,486 7,233,270 6,772,330 2,806,364 5,205,575
Total Program Services	-	69,004,060	•	0	•	69,004,060
Supporting Services: Administrative and General Fund Raising	-	15,412,201 585,153	-	0 0		15,412,201 585,153
Total Supporting Services	-	15,997,354	-	00		15,997,354
Total Expenses	-	85,001,414	-	0	•	85,001,414
INCREASE IN NET ASSETS		6,895,160		4,349,581		11,244,741
NET ASSETS, BEGINNING OF YEAR	_	79,495,618	-	20,369,223		99,864,841
NET ASSETS, END OF YEAR	\$=	86,390,778	\$:	24,718,804	\$	111,109,582

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	_	2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES Increase in Net Assets	\$	15,771,672	\$	11,244,741
Adjustments to Reconcile Increase in	Ŧ		•	
Net Assets to Net Cash Provided by				
Operating Activities: Unrealized Gain on Investments		(5,026,314)		(3,119,214)
Realized Gain on Investments		(528,414)		(431,944)
Discount Amortization on Investments		(207,588)		(95,977)
Gain on Disposal of Assets		(5,175)		(14,101)
Depreciation and Amortization		2,108,619		2,059,893
Forgiveness of Grant Notes Payable		(496,800)		(387,750)
Net Changes in: Receivables, Net		(4,090,956)		(199,895)
Prepaid Expenses		(224,703)		(195,262)
Right of Use Assets		(262,101)		0
Accounts Payable		378,160		(852,345)
Deferred Compensation		320,254		(366,651)
Deferred Revenue		(1,606,892)		4,177,499
Accrued Salaries Payable		623,575 266,394		294,144 0
Lease Liabilities Other Accrued Liabilities		242,723		401,497
		7,262,454	-	12,514,635
Net Cash Provided by Operating Activities	-	7,202,404		12,014,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Assets		5,175		19,890
Purchases of Property and Equipment		(6,008,446)		(3,627,014)
Proceeds from Sale of Investments		27,655,594		12,901,200
Purchases of Investments	-	(30,074,489)		(21,245,825)
Net Cash Used in Investing Activities	-	(8,422,166)	-	(11,951,749)
CASH FLOWS FROM FINANCING ACTIVITIES		F70 F00		4 4 9 7 9 9 9
Proceeds from Issuance of Notes Payable	-	572,500	-	4,137,869
Net Cash Provided by Financing Activities		572,500	_	4,137,869
NET CHANGE IN CASH AND CASH EQUIVALENTS		(587,212)		4,700,755
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	18,960,225		14,259,470
CASH AND CASH EQUIVALENTS, END OF YEAR	\$=	18,373,013	\$ =	18,960,225
Supplementary Disclosure of Noncash Activities: Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	\$	232,999	\$	20,062

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

Program Services

Supporting Services

98,944,610	" 		78,656,255 \$	2,885,487 \$ 5,533,278 \$		\$ 7,534,438 \$	\$ 8,001,396	\$ <u>6,797,422</u> \$	\$ 11,136,184	\$ 36,768,050	TOTAL
175,198	57,232	14,500	103,466	0	0	0	0	0	0	103,466	Total Foundation
175,198	57,232	14,500	103,466	0	0	0	0	0	0	103,466	Foundation Operations
98,769,412	429,461	19,787,162	78,552,789	5,533,278	2,885,487	7,534,438	8,001,396	6,797,422	11,136,184	36,664,584	Total Center
542,273	471	380,547	161,255	9,767	1,961	41,424	25,974	13,830	18,048	50,251	Other Non-personnel
2,108,619	0	2,108,619	0	0	0	0	0	0	0	0	Depreciation
212,807	0	0	212,807	0	0	0	0	106,924	105,883	0	In Kind Expenses
1,160,232	0	0	1,160,232	189,364	69,199	14,114	24,190	484,678	72,778	305,909	Specific Assistance to Clients
940,563	0	0	940,563	0	0	921,742	0	14,571	4,250	0	Grants & Awards
1,175,544	5,368	289,593	880,583	66,801	39,081	84,894	71,252	124,493	112,227	381,835	Insurance
321,916	608	79,356	241,751	22,916	48,913	12,285	14,860	18,119	34,777	89,881	Conferences & Meetings
1,824,696	11,392	230,652	1,582,652	169,827	175,248	126,445	71,078	124,530	165,587	749,937	Travel
38,803	430	23,157	15,216	1,481	1,358	176	349	4,247	1,407	6,198	Printing & Publications
1,928,712	33,516	1,312,650	582,546	46,038	27,089	48,496	74,496	45,138	71,751	269,538	Equipment, Rental & Maintenance
5,496,686	16,666	722,113	4,757,907	341,388	148,284	468,493	381,987	1,283,694	690,527	1,443,534	Occupancy
24,659	454	14,210	9,995	170	858	720	279	1,269	953	5,746	Postage
714,241	7,270	122,213	584,758	52,268	33,659	40,462	66,820	61,378	60,326	269,845	Telephone
4,735,639	5,457	485,286	4,244,896	258,775	139,287	371,310	441,626	452,361	1,863,049	718,488	Supplies
1,385,443	342	770,614	614,487	24,514	12,910	56,667	192,172	64,018	82,916	181,290	Professional Fees
13,067,965	60,780	2,495,653	10,511,532	756,616	384,533	923,620	1,137,780	705,492	1,368,070	5,235,421	Employee Benefits & Payroll Taxes
63,090,614	286,506 \$	10,752,499 \$	52,051,609 \$	\$ 3,593,353 \$	3 1,803,107 3	\$ 4,423,590 \$	\$ 5,498,533 \$	\$ 3,292,680 \$	\$ 6,483,635 \$	26,956,711	Salaries & Wages
Total	Raising	and General	Programs	Prog	Prevention	and Adoption	Services	Services	Abuse	Health	
	Fund	Administrative			and		Crisis	Social	Substance	Mental	
					Early						

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

Program Services

Supporting Services

85,001,414	585,153 \$	15,412,201 \$	69,004,060 \$	2,806,364 \$ 5,205,575 \$	1	\$ 6,772,330 \$	\$ 7,233,270 \$	9,874,547 \$ 6,439,486 \$		\$30,672,488 \$	TOTAL
175,202	72,533	13,750	88,919	0	0	0	0	0	0	88,919	Total Foundation
175,202	72,533	13,750	88,919	0	0	0	0	0	0	88,919	Foundation Operations
84,826,212	512,620	15,398,451	68,915,141	5,205,575	2,806,364	6,772,330	7,233,270	6,439,486	9,874,547	30,583,569	Total Center
744,305	9,401	541,668	193,236	12,558	4,753	28,548	13,663	34,598	20,569	78,547	Other Non-Personnel
2,059,892	006'8	311,607	1,739,385	154,989	57,885	168,145	159,953	497,902	222,955	477,556	Depreciation
236,988	0	0	236,988	0	0	0	0	90,950	146,038	0	In-Kind Expenses
1,194,422	0	25	1,194,397	217,884	140,408	11,766	12,215	376,323	130,127	305,674	Specific Assistance to Clients
1,058,287	0	0	1,058,287	0	0	1,044,195	0	11,517	2,575	0	Grants and Awards
1,291,880	5,249	380,332	906,299	66,790	40,393	81,029	76,059	127,652	127,316	387,060	Insurance
327,320	4,962	57,990	264,368	23,586	31,021	10,078	14,274	9,636	58,040	117,733	Conferences and Meetings
1,706,083	15,278	225,458	1,465,347	199,289	168,106	136,609	74,639	78,546	150,399	657,759	Travel
45,698	2,022	19,416	24,260	2,032	1,530	531	3,779	1,757	2,803	11,828	Printing and Publications
1,556,863	31,491	771,548	753,824	59,947	36,377	60,089	76,898	61,087	111,457	347,969	Equipment, Rental & Maintenance
4,597,670	15,459	690,630	3,891,581	265,690	134,990	397,016	281,649	893,533	574,531	1,344,172	Occupancy
20,870	790	11,947	8,133	93	449	876	211	624	553	5,327	Postage
904,310	7,357	166,109	730,844	72,213	38,231	41,540	119,406	67,337	103,883	288,234	Telephone
3,183,747	4,947	247,688	2,931,112	140,533	150,837	273,998	196,181	353,556	1,293,771	522,236	Supplies
889,553	831	442,181	446,541	16,748	3,747	54,665	160,951	19,656	52,545	138,229	Professional Fees
12,791,445	84,644	2,364,850	10,341,951	765,400	392,977	827,058	1,216,778	744,250	1,342,786	5,052,702	Employee Benefits & Payroll Taxes
52,216,879	321,289 \$	9,167,002 \$	42,728,588 \$	\$ 3,207,823 \$		\$ 3,636,187 \$	\$ 4,826,614 \$	\$ 3,070,562	\$ 5,534,199 \$	\$ 20,848,543 \$	Salaries & Wages
Total	Raising	and General	Programs	Programs	Prevention	and Adoption	Services	Services	Abuse	Health	
	Fund	Administrative	Total	Justice	and	Foster Care	Crisis	Social	Substance	Mental	
					Intervention						
		k			Farly						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Reclassifications - Certain items in the 2023 financial statements have been reclassified to conform with the 2024 financial statements.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Special Events - Revenues from special events are presented net of the direct costs associated with the special events. These direct costs for the years ended June 30, 2024 and 2023 were \$815,622 and \$568,747, respectively.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Right-of-Use Lease Assets - Right-of-Use lease assets are recognized upon lease commencement and represent the Organization's right to use an underlying asset for the lease term.

Lease Liabilities - Lease liabilities are recognized at commencement date and represent the Organization's obligation to make lease payments arising from a lease, measured on a discount basis.

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

Advertising Costs - Advertising costs are expensed as incurred. Advertising costs for marketing and public relations for the years ended June 30, 2024 and 2023 were \$84,501 and \$80,832, respectively.

Adoption of New Accounting Standards - In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The Organization adopted the standard effective July 1, 2023. The adoption of this new standard did not have a material impact on the financial statements.

Subsequent Events - The Organization's management has evaluated subsequent events through November 21, 2024, which is the date the consolidated financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

		2024	_	2023
Financial Assets at Year End Less Funds Unavailable for General Expenditures Within One Year:	\$	95,235,867	\$	83,550,912
Restrictions by Donor Board Designated Endowment Funds		(28,764,949) (32,685,267)	_	(24,718,804) (29,194,410)
Total Financial Assets Available to Meet General Expenditures Within the Next 12 Months	\$_	33,785,651	\$_	29,637,698

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2024 and 2023, the Organization's cash and cash equivalents consisted of the following:

		2024		2023
Petty Cash Checking - Operations U.S. Government and Federal Agency Obligations	\$	24,727 1,900,375	\$	60,567 (162,231)
Under Repurchase Agreements	_	16,447,911	_	19,061,889
Total	\$=	18,373,013	\$=	18,960,225

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

At June 30, 2024 and 2023, the Organization had the following investments, carried at fair value:

	2024	2023
Fair Value Measurements Using Level 1	Carrying Value (Fair Value)	Carrying Value (Fair Value)
Restricted for Deferred Compensation Plans Mutual Funds:		
Equity	\$903,696	\$583,442
Cash Management Account Certificate of Deposit	12,251 2,603,344	14,351 2,061,302
Federated Government Obligations Fund Mutual Funds:	801,022	794,692
Fixed Income	7,829,885	7,241,635
Equity Corporate Equities	19,566,081 15,528,289	16,401,537 <u>13,687,836</u>
	46,340,872	40,201,353
Fair Value Measurements Using Level 2	_	
Short-Term	E 040 0E4	C 0EZ 7EZ
Treasury Bills	5,016,354	6,957,757
Restricted for Endowment	5 005 040	4 000 440
Treasury Bills	5,295,910 332,306	1,269,113 257,116
Corporate Obligations Government Obligations	2,424,424	2,863,570
	8,052,640	4,389,799
Total	\$60,313,562	\$52,132,351

As of June 30, 2024 and 2023, all of the Organization's investments are recorded at fair value on a recurring basis. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

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

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

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

The Center maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with these financial institutions at June 30, 2024 and 2023 totaling \$13,775,882 and \$14,995,907, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. Cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2024 and 2023 were \$1,015,194 and \$0, respectively.

The Foundation maintains substantially all its cash and cash equivalents deposits with two local financial institutions. Excess funds held with this financial institution at June 30, 2024 and 2023 totaling \$2,675,029 and \$4,065,982, respectively, are invested overnight in an automated investment account in U.S. Government and Agency Securities subject to repurchase on a daily basis. There were no amounts of cash and cash equivalents that exceeded the federally insured limit for the years ended June 30, 2024 and 2023.

The Center's receivable balance at June 30, 2024 and 2023 consisted of fees for patient services through contractual agreements, private pay insurance providers and grantor agencies. Accordingly, these fees are subject to adjustment or denial by the providers.

Because of the nature of the Organization, a significant percentage of its revenue is derived from the State of Tennessee (including TennCare) and the federal government. As a result, a reduction in state and federal funding could have a profound effect on the Organization's operations. State and federal funding represented 92% and 91% of total revenue for the years ended June 30, 2024 and 2023, respectively.

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

NOTE 6 - ACCOUNTS RECEIVABLE - PATIENT SERVICES

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

		2024	_	2023
TennCare State and Federal Grants Other Grants and Subsidies Receivable Medicare, Commercial Insurance, and Private Pay Allowance for Credit Losses	\$	2,649,516 10,045,266 1,074,472 1,549,582 (1,171,138)	\$	2,282,874 7,639,449 845,876 852,204 (874,273)
Total	\$_	14,147,698	\$_	10,746,130

As of June 30, 2024 and 2023, the amount of accounts receivable greater than 90 days was \$483,333 and \$170,504, respectively. The change in the valuation allowance is as follows:

	-	2024	-	2023
Beginning Balance Provision Charge Offs (Recovery)	\$	874,273 1,118,819 (821,954)	\$	726,127 71,668 76,478
Ending Balance	\$=	1,171,138	\$_	874,273

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable are due as follows:

	_	2024	_	2023
Due Within One Year Due in One to Five Years	\$	1,234,605 1,437,834	\$	1,127,769 755,612
Gross Pledges Receivable Less: Present Value Allowance and Allowance for Uncollectible		2,672,439 (270,845)	_	1,883,381 (171,175)
Pledges Receivable - Net	\$_	2,401,594	\$_	1,712,206

As of June 30, 2024 and 2023, the entire pledges receivable amounts noted above had donor-imposed restrictions for use with various programs.

The change in the allowance for uncollectible is as follows:

	 2024	 2023
Beginning Balance	\$ 94,169	\$ 95,552
Adjustment for Uncollectible Pledges	102,453	7,288
Recoveries, Charge Offs	 (63,000)	 (8,671)
Ending Balance	\$ 133,622	\$ 94,169

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation follows:

	_	2024	2023
Land and Buildings Furniture and Equipment Construction in Progress	\$	70,003,384 \$ 5,916,155 	63,896,912 5,725,998 2,481,793
Total		78,011,722	72,104,703
Less: Accumulated Depreciation		(24,994,363)	(22,987,171)
Property and Equipment, Net	\$	<u>53,017,359</u> \$	49,117,532

The depreciation expense for the years ended June 30, 2024 and 2023 was \$2,108,619 and \$2,059,893, respectively.

NOTE 9 - NOTES PAYABLE AND LEASE LIABILITIES

Line of Credit

The Center maintains an unsecured line of credit with a local financial institution in the amount of \$5,000,000 with variable interest rate. The line is available until October 2028. Advances on the line are payable upon demand. If there is no demand, the balance is not payable until termination of the line in October 2028. Interest is to be paid monthly at the current index rate. This rate at June 30, 2024 and 2023 was 8.5% and 8.25% respectively. No funds were borrowed from this line of credit during the years ended June 30, 2024 and 2023.

Grant Notes Payable

The Center has received funding on several grant awards which contain refundable or recoverable provisions if the purpose of each individual grant is not met. Generally, these grant agreements are considered forgiven over time or the refundable provision expires at the end of term of the grant agreement. The Center has recorded grant notes payable associated with these grant agreements to reflect the liability. Terms of these grant agreements expire at various dates through 2053. A summary of grant notes payable by grantor as of June 30, 2024 and 2023 is as follows:

		2023	_	New Restrictions		Grant Forgiveness		2024
Knox County, Tennessee City of Knoxville, Tennessee	\$	1,055,734 1,940,000	\$	0 0	\$	(80,000) (119,750)	\$	975,734 1,820,250
State of Tennessee: Tennessee Housing Development Agency Tennessee Department of Mental Health		3,769,800		0		(178,050)		3,591,750
and Substance Abuse Services State of Tennessee Total	_	3,178,567 6,948,367	-	<u>572,500</u> 572,500	-	<u>(94,000)</u> (272,050)	-	3,657,067 7,248,817
Grant Notes Payable	\$ <u>_</u>	9,944,101_	\$_	572,500	\$	(471,800)	\$_	10,044,801

Scheduled forgiveness of these notes payable at June 30, 2024 are as follows:

2025	\$ 559,800
2026	299,800
2027	793,284
2028	299,800
2029	219,800
Thereafter	7,872,317
Total	\$10,044,801

NOTE 9 - NOTES PAYABLE AND LEASE LIABILITIES (Continued)

State of Tennessee grant revenues including changes in grant notes payable for the year ended June 30, 2024 are as follows:

	_	Gross Collected		New Restrictions		Grant Forgiveness		Net Revenue
State of Tennessee Grant Awards:	<u>^</u>	57.000	•	0	•	0	¢	E7 000
Department of Education	\$	57,909	\$	0	\$	0	\$	57,909
Department of Human Services		167,193		0		U		167,193
Treasury Department		36,000		0		0		36,000
Housing Development Agency		0		0		178,050		178,050
Department of Health		2,915,525		0		0		2,915,525
Office of Criminal Justice		2,651,923		0		0		2,651,923
Department of Children's Services Department of Mental Health and		8,363,364		0		0		8,363,364
Substance Abuse Services	_	38,775,068		(572,500)		94,000		38,296,568
State of Tennessee Grant Awards	\$ _	52,966,982	\$	(572,500)	\$	272,050	\$	52,666,532

Notes Payable

The Center has an agreement with Knox County for improvement of the John Tarleton infrastructure for \$250,000. The amount will be repaid in annual installments for \$25,000 for a period of 10 years (2026) contingent on the Center occupying the facilities and providing professional childcare and facility maintenance. The balance at June 30, 2024 was \$50,000 (\$75,000 at June 30, 2023).

Leases

The Organization has adopted ASU 2016-02, Leases (Topic 842). The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which allowed the Organization to not reassess existing contracts to determine if they contain a lease and to carry forward the historical lease classification upon transition. Additionally, as allowed by the standard the Organization has elected to not apply the guidance of ASC 842 to leases with a term of 12 months or less and has elected to use a risk-free rate as the discount rate since the implicit rate is not readily determined.

The Organization assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of lease payments over the defined lease term. Certain leases include renewal options to extend the lease term. The Organization assesses these options using a threshold of reasonably certain, which is a high threshold and, therefore, the majority of the Organization's leases do not include renewal periods for the measurement of the right of use asset and the associated lease liability. For leases the Organization is reasonably certain to renew, those options are included within the lease term and, therefore, included in the measurement of the right of use asset and the associated lease liability.

The Organization has elected the practical expedient to not separate lease and non-lease components. The Organization has equipment lease agreements, which generally have the lease and associated non-lease components accounted for as a single lease component. The Organization has real estate lease agreements with lease and non-lease components, which are generally accounted for separately where applicable. Certain leases also contain scheduled rent increases. The Organization assesses each contract individually and applies the appropriate variable payments based on the terms of the agreement. The Organization's lease agreements do not contain residual value guarantees, restrictions or covenants.

NOTE 9 - NOTES PAYABLE AND LEASE LIABILITIES (Continued)

The Organization leases property and equipment used in operations ranging in terms from 1 to 4 years.

Operating expenses under all leases totaled \$260,991 and \$270,115 for the years ended June 30, 2024 and 2023, respectively. The weighted average remaining term as of June 30, 2024 is approximately 2 years and the weighted average discount rate is approximately 3.73%.

Future minimum lease payments under noncancelable operating leases as of June 30, 2024 are as follows:

2025	\$	190,297
2026		177,138
2027	_	86,467
Total minimum lease payments including interest	_	453,902
Less: Amounts representing interest	_	18,484
Present Value of minimum lease principal payments	\$_	435,418

NOTE 10 - RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan), made available by Internal Revenue Code Section 403(b). The trustee and investment custodian of the Plan is the Trust Company of Knoxville. The Plan is open to all employees who are employed at least 1,000 hours per calendar year. An employee may elect to contribute up to the IRS maximum allowable of their annual salary. After 1 year of service, the Organization contributes 1.25% of compensation in the second year of service which increases up to a maximum of 10%. During the year ended June 30, 2024 and 2023, the Organization contributed \$2,315,966 and \$2,107,288, respectively to the Plan on behalf of eligible participants. Employees are 100% vested upon entry into the Plan.

NOTE 11 - DEFERRED COMPENSATION PLANS

The Organization has a nonqualified deferred compensation plan for certain key employees. The Plan will set aside an amount equal to 7% of the employee's compensation. The participating employees are 100% vested after 10 years. Upon vesting, the participant will receive a lump sum payment net of taxes. During the years ended June 30, 2024 and 2023, the Organization contributed approximately \$245,000 and \$214,000, respectively to the Plan on behalf of eligible participants.

NOTE 12 - CONDITIONAL PROMISE TO GIVE

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

NOTE 13 - BOARD DESIGNATED NET ASSETS

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

	 2024		2023
Undesignated Designated - Transfer from Center	\$ 83,911,524 14,204,781	\$	72,185,997 14,204,781
Total Nets Assets without Donor Restrictions	\$ 98,116,305	\$_	86,390,778

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

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

		2024	_	2023
Subject to Expenditure for a Specific Purpose: Mental Health Child and Youth Services Program Support Capital Support	\$	4,351,299 243,448 6,161,912 <u>649,192</u> 11,405,851	\$	4,351,299 272,168 4,082,180 <u>638,499</u> 9,344,146
Endowment: Subject to Appropriation and Expenditure: Mental Health Child & Youth Services Program Support Substance Abuse	-	1,682,510 7,395,926 4,748,520 192,629 14,019,585	-	1,368,122 6,350,082 4,158,829 158,112 12,035,145
Subject to be Held in Perpetuity: Mental Health Child & Youth Services Substance Abuse Total Endowment	-	1,529,960 1,709,553 100,000 3,339,513 17,359,098	-	1,529,960 1,709,553 100,000 3,339,513 15,374,658
Total Nets Assets with Donor Restrictions	\$=	28,764,949	\$_	24,718,804

NOTE 15 - ENDOWMENT FUNDS

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

The Board of Directors has determined that some of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the Organization's policy is to report (a) the original value of gifts donated to the endowment as net assets with donor restrictions, (b) the original value of subsequent gifts to the endowment as net assets with donor restrictions.

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

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset

NOTE 15 - ENDOWMENT FUNDS (Continued)

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

Composition of and changes in endowment donor-designated net assets for the years ended June 30, 2024 and 2023 were as follows:

As of June 30, 2024	. .	Without Donor Restrictions	_	With Donor Restrictions		Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR Contributions/Transfers Investment Income Net Realized/Unrealized Gains (Losses) Investment Expenses	\$	27,494,122 9,657 (329,933) 3,809,734 (100,764)	\$	14,874,658 271,273 143,250 1,637,428 (67,511)	\$	42,368,780 280,930 (186,683) 5,447,162 (168,275)
ENDOWMENT NET ASSETS, END OF YEAR	\$	30,882,816	\$ =	16,859,098	\$=	47,741,914
As of June 30, 2023	_					
ENDOWMENT NET ASSETS, BEGINNING OF YEAR Contributions/Transfers Investment Income Net Realized/Unrealized Gains (Losses) Investment Expenses	\$	24,312,201 466,496 505,486 2,299,973 (90,034)	\$	12,889,475 513,317 291,221 1,238,249 (57,604)	\$	37,201,676 979,813 796,707 3,538,222 (147,638)
ENDOWMENT NET ASSETS, END OF YEAR	\$	27,494,122	\$_	14,874,658	\$_	42,368,780

NOTE 16 - RELATED PARTY TRANSACTION

The Helen Ross McNabb Mental Health Foundation is a private foundation organized to support the activities, facilities and programs of the Helen Ross McNabb Center. The Foundation has agreed to reimburse the Center for certain capital projects and for its administrative and other operational costs incurred, which have been paid on behalf of the Foundation by the Center. The balance due the Center from the Foundation at June 30, 2024 and 2023 was \$318,936 and \$172,522, respectively. Amounts paid to the Center from the Foundation during the years ended June 30, 2024 and 2023 were \$2,542,819 and \$1,597,841, respectively.

The development office of the Helen Ross McNabb Center provides services to the Foundation for management, facilities and equipment and certain supplies. The Foundation has paid the Center for these services in the amounts of \$631,185 for 2024 and \$584,390 for 2023.

The Helen Ross McNabb Center completed no equity transfers to the Foundation for 2024 and 2023. The equity transfers are recorded in the Consolidating Statement of Activities.

NOTE 16 - RELATED PARTY TRANSACTION (Continued)

Prior to the current period, the Center formed and is the sole member of McNabb Center, LLC. McNabb Center, LLC is an active entity but has had no financial activities in June 30, 2024 and 2023.

Prior to the current period, the Foundation formed and is the sole member of HRMF, LLC (HRMF). HRMF is a nonprofit limited liability company created to accept donations of certain noncash contributions on behalf of the Foundation. HRMF is considered a disregarded entity for tax reporting purposes (activity is reported by the Foundation as if HRMF is not a separate entity). There were no material related party transactions or balances between the Foundation and HRMF during the years ended June 30, 2024 and 2023.

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

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

	2024			2023
Goods and Supplies Services Food and Beverage	\$	339,309 171,046 70,286	\$	187,079 217,324 36,977
Total	\$	580,641	\$_	441,380

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

Donor Restrictions - For the years ended June 30, 2024 and June 30, 2023, no Gifts-In-Kind were restricted.

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

SUPPLEMENTARY SECTION

The accompanying
nying notes are an integ
integral part
ntegral part of this schedule.

U.S. Department of Health and Human Services Direct Assistance Block Grants for Community Mental Health Services Children and Youth Crisis Stabilization Continuum Total Assistance Listing Number 93.958	Basic Center Grant Basic Center Program Basic Center Program Total Assistance Listing Number 93.623	U.S. Department of Health and Human Services U.S. Department of Health and Human Services Direct Assistance: Enhance Satety of Children Affected by Substance Abuse Regional Partnership for Families Total Assistance Listing Number 93.087	Passed through Tennessee Department of Human Services through Tennessee Department of Mental Health and Substance Abuse Services Rehabilitation Services Vocational Rehabilitation Grants to States Total Passed through Tennessee Department of Human Services through Tennessee Department of Mental Health and Substance Abuse Services Total Assistance Listing Number 84.126 Total Assistance Listing Number 84.126 Total U.S. Department of Education	U.S. Department of Education Passed through Tennessee Department of Education 21st Century Community Learning Centers Total Passed through Tennessee Department of Education Total Assistance Listing Number 84.287	Passed through the Tennessee Department of Human Services SNAP Cluster: Total Passed through Tennessee Department of Human Services Total SNAP Cluster Total SNAP Cluster	Passed through the Tennessee Department of Education National School Lunch Program Total Passed through Tennessee Department of Education Total Child Nutrition Cluster	U.S. Department of Agriculture U.S. Department of Agriculture Direct Assistance: Child Nutrition Cluster: National School Lunch Program School Breakfast Program Total U.S. Department of Agriculture Direct Assistance:	Appalachian Regional Commission Passed through Claiborne County, Tennessee Appalachian Area Development Total Appalachian Regional Commission Direct Assistance Total Assistance Listing Number 23.002 Total Apsiachian Regional Commission	Grantor or Pass-Through Grantor	For the Year Ended June 30, 2024
93,958	93.623	93.087	tance Abuse S 84.126 alth and Subst	84.287	10.551 e	10.555	10.555 10.553	23.002	Assistance Listing #	30, 2024
6H79SM085508-01	90CY7377-03-00 90CY7377-02-00	90CU0121	Services Edison 76696 ance Abuse Services	S287C220043				IS-20256-21	Grant #	
								9 	Passed through to Subrecipients	
1,072,034 1,072,034	127,891 38,597 166,488	619,146 619,146	313,516 313,516 313,516 371,425	57,909 57,909 57,909	96,834 96,834 96,834 165,923	5,592 5,592 69,089	41,526 21,971 63,497	227,583 227,583 227,583 227,583 227,583	Expenditures	

HELEN ROSS MCNABB CENTER, INC. SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2024

Passed through Tennessee Department of Mental Health and Substance Abuse Services Injury Prevention and Control Research and State and Community Based Programs TN Jail Navigator (TDOH)SFY24 Total Assistance Listing Number 93.136	Injury Prevention and Control Research and State and Community Based Programs Rape Prevention Education Jefferson County & Beyond - Public Safety Partnerships Total Injury Prevention and Control Research and State and Community Based Programs Total Passed through Tennessee Department of Health	Passed through Tennessee Department of Health g: Maternal, Infant and Early Childhood Home Visiting Grant Program ARP1 American Rescue Plan Act Funding for Home Visiting ARP2 American Rescue Plan Act Funding for Home Visiting Maternal, Infant and Early Childhood Home Visiting (MIECHV) Evidence-Based Home Visiting (EBHV) Program Services Evidence Based Home Visiting Program Services Total Assistance Listing Number 93.870	Child Abuse Prevention - Smoky Mountain Region Child Abuse Prevention - East Region Total Assistance Listing Number 93.590 Affordable Care Act (ACA) Personal Responsibility Education Program Youth NOW Total Assistance Listing Number 93.092 Total Passed through Tennessee Department of Children's Services	Passed through Tennessee Department of Children's Services Community-Based Child Abuse Prevention Grants Child Abuse Prevention - Knox Region	Substance Abuse and Mental Health Services Projects of Regional and National Significance Youth and Family TREE Workforce Support The East Tennessee Medication Assisted Treatment Program The East Tennessee Medication Assisted Treatment Program Total Assistance Listing Number 93.243 Total U.S. Department of Health and Human Services Direct Assistance	Opioid State Targeted Response (STR) Comprehensive Opioid Recovery Centers Total Assistance Listing Number 93.788	 U.S. Department of Health and Human Services (Continued): U.S. Department of Health and Human Services Direct Assistance (Continued): Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth Street Outreach Program for Runaway, Homeless and Street Youth Street Outreach Program for Runaway, Homeless and Street Youth Total Assistance Listing Number 93 557 	Grantor or Pass-Through Grantor
93.136	93.136	93.870 Services	93.092	93.590	93 <u>.</u> 243	93.788	93.557	Assistance Listing #
Edison 74907	Edison 74397 Edison 80476	GR23-76729 GR23-76729 GR-24-78325 GR2374541	Edison 76359 Edison 76358 Edison 73726	Edison 76357	1H79TI083664-01 H79TI083365-04 H79TI083365-03 1H79TI085408 H79TI085408-02	H79TI086776-01	90YO2433-03-00 90YO2433-02-00	Grant #
				1		ı		Passed through to Subrecipients
16,800 109,503	9,372 83,331 92,703 1,088,586	30,912 103,563 626,970 234,438 995,883	50,000 50,000 150,000 139,522 139,522 289,522	50,000	412,464 376,699 114,198 167,201 737,691 1,808,253 4,338,448	515,027 515,027	123,059 34,441 157,500	Expenditures

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

 Passed through Tennessee Department of Finance and Administration, Office of Criminal Justice Programs Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Family Crisis Center (FVPSA) American Rescue Plan 2 DV Family Crisis Center (FVPSA) DV Sexual Assault (FVPSA) DV Total Passed through Tennessee Department of Finance and Administration, Office of Criminal Justice Programs Total Passed through Tennessee Department of Finance and Administration, Office of Criminal Justice Programs 	Projects for Assistance in Transition from Homelessness (PATH) Projects for Assistance in the Transition from Homelessness Total Assistance Listing Number 93.150 Total Passed through Tennessee Department of Mental Health and Substance Abuse Services	 Block Grants for Prevention and Treatment of Substance Abuse Adol Day/Evng Continuum of Care (Block) TN Prevention Network II (unit rate) Medically Monitored Withdrawai Management (MMWM) Fed Women's Recovery Oriented System of Care (WROSC) Women's Recovery Oriented System of Care (WROSC)/Pregnant Women's Services Adult Continuum of Care (COC) COVID 19 Supplemental Grant Total Assistance Listing Number 93,959 	 U.S. Department of Health and Human Services (Continued) Passed through Tennessee Department of Mental Health and Substance Abuse Services (Continued) Opioid State Targeted Response (SOR) III - Hub GFY23 State Opioid Response (SOR) III - Hub GFY24 State Opioid Response (SOR) III - HUB (Unit Rate) GFY24 State Opioid Response (SOR) III - HUB (Unit Rate) GFY24 State Opioid Response (SOR) III - HUB (Unit Rate) GFY24 State Opioid Response (SOR) III - HUB (Unit Rate) GFY24 State Opioid Response - Spoke III (SOR Spoke) GFY24 State Opioid Response - Spoke III (SOR Spoke) GFY23 State Opioid Response - Spoke III (SOR Spoke) GFY24 Total Assistance Listing Number 93.788 	Grantor or Pass-Through Grantor
93.671 1s	93.150	93. 959	93.788	Assistance Listing #
Edison 47689 Edison 47719 Edison 47667	Edison 78717	Edison 78094 Edison 78087 Edison 78128 Edison 78116 Edison 78116 Edison 78116 Edison 78087	Edison 78005 Edison 78005 Edison 78005 Edison 78005 Edison 78005 Edison 77201	Grant #
				Passed through to Subrecipients
224,645 427,698 190,715 843,058 843,058	103,314 103,314 6,637,901	213,346 1,724,961 185,535 74,995 284,285 466,326 295,912 3,255,360	209,466 862,152 325,078 963,456 148,146 6,292 28,164 3,169,724	Expenditures

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

 Passed through Tennessee Department of Mental Health and Substance Abuse Services Block Grants for Community Mental Health Services Regional Intervention Programs (Block), First Episode Psychosis Initiative (FEP) COVID ARPA - Mental Health Block Grant Supplemental and COVID Mitigation COVID Relief - Mental Health Block Grant Supplemental Funding Project B.A.S.I.C. (Better Attitudes and Skills in Children) Project B.A.S.I.C. (Better Attitudes and Skills in Children) School Based Liaisons for At Risk Youth (Block) Peer Wellness Coach - East Tennessee (Fed) Community Mental Health and Primary Care Integration Project Total Passed through Tennessee Department of Mental Health and Substance Abuse Services Total Assistance Listing Number 93.958 	Passed Through Tennessee Department of Human Services Through The Partnership for Families, Children, and Adults, Inc. Temporary Assistance for Needy Families Families First Community Based Contracts - 2GEN Total Passed Through Tennessee Department of Human Services Through The Partnership for Families, Children, and Adults, Inc. Total Assistance Listing Number 93.558	Passed Through Tennessee Department of Human Services Through Tennessee Department of Health Temporary Assistance for Needy Families Evidence-Based Home Visiting Program Services Evidence Based Home Visitation Grainger, Morgan, Loudon, and Roane (TANF) Healthy Start Home Visiting Program (TANF) Total Passed Through Tennessee Department of Human Services Through Tennessee Department of Health	 U.S. Department of Health and Human Services (Continued) Passed Through Tennessee Department of Human Services Through Tennessee Department of Mental Health and Substance Abuse Services Temporary Assistance for Needy Families System of Care Across Tennessee (SOCAT) TANF Initiative Total Passed Through Tennessee Department of Human Services Through Tennessee Department of Mental Health and Substance Abuse Services 	Grantor or Pass-Through Grantor
93. 958 8	Inc. 93.558 , and Adults,	93,558	93.558	Assistance Listing #
Edison 70780 Edison 78716 Edison 77421 Edison 77421 Edison 70439 Edison 78737 Edison 78508 Edison 78508 Edison 78978	2201TNTANF (76818) Inc.	GR2272125 GR2272128 GR2271726	Edison 74591	Grant #
				Passed through to Subrecipients
137,432 904,000 32,445 58,872 1,089,638 65,190 34,891 63,073 207,516 64,550 35,705 2,693,312 2,693,312	284,676 284,676 2,039,566	234,666 827,919 407,561 1,470,146	284,744 284,744	Expenditures
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

 U.S. Department of Housing and Urban Development U.S. Department of Housing and Urban Development Direct Assistance: Continuum of Care Program Consolidated Permanent Housing/Supportive Housing Grant Consolidated Permanent Housing/Supportive Housing Grant Total U.S. Department of Housing and Urban Development Direct Assistance Total Assistance Listing Number 14.267 Total Assistance Listing Number 14.267 	Passed through University of Tennessee Knoxville Substance Abuse and Mental Health Services Projects of Regional and National Significance Implementing Multi-system Programs to Strengthen Attachment in Children and Families Affected by Trauma (IMPACT) Tennessee HIVIAIDS, Related Substance Use Disorder and Mental Disorders Services Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative Agreement Total Passed through University of Tennessee Knoxville Total Assistance Listing Number 93.243 Total U.S. Department of Health and Human Services	U.S. Department of Health and Human Services (Continued) Passed through Tennessee Department of Mental Health and Substance Abuse Services Substance Abuse and Mental Health Services Projects of Regional and National Significance Project Rural Recovery GFY24 Project Rural Recovery GFY23 Total Passed through Tennessee Department of Mental Health and Substance Abuse Services	Grantor or Pass-Through Grantor
14.267	93.243 CT)	93.243	Assistance Listing #
TN0036L4J022316 TN0036L4J022215	6H79SM085103-01M002 H79TI080738-05 H79SP080246-05	Edison 81733 Edison 77595	Grant #
			Passed through to Subrecipients
67,139 355,356 422,495 422,495 422,495	41,020 52,100 107,217 200,337 1,091,568 18,302,288	291,023 600,207 891,231	Expenditures

The accompanying notes are an integral part of this schedule.

TOTAL FEDERAL AWARDS

\$ 21,839,263

Passed Through U.S. Department of Justice Through Cocke County, Tennessee Comprehensive Opioid, Stimulant, and Substance Abuse Program Cocke County TNROCS Total Passed Through Cocke County, Tennessee Total Assistance Listing Number 16.838 Total U.S. Department of Justice	Passed Through Tennessee Department of Mental Health and Substance Abuse Services Comprehensive Opioid, Stimulant, and Other Substance Use Program COSSAP TDOC Community Supervision Peer Recovery Support Project Total Passed Through Tennessee Department of Mental Health and Substance Abuse Services	Passed Through Tennessee Department of Finance and Administration Through Tennessee Department of Mental Health and Substance Abuse Services Crime Victim Assistance 16.575 16.575 TN Recovery Navigators (Interdepartmental) Total Passed Through Tennessee Department of Finance and Administration Through Tennessee Department of Mental Health and Substance Abuse Services Total Assistance Listing Number 16.575	Passed through the Tennessee Department of Finance and Administration, Office of Criminal Justice Programs Crime Victim Assistance Victims of Crime Act (VOCA) - DV Victims of Crime Assistance, Family Justice Centers (VOCA-FJC-DV) Anderson Victims of Crime Assistance, Family Justice Centers (VOCA-FJC-DVSA) Knox Victims of Crime Assistance (VOCA) Under-Served Victims of Crime Assistance (VOCA) Under-Served Victims of Crime Assistance (VOCA) SACET Victims of Crime Assistance (VOCA) - SACET VOCA 2 Gen Chattanooga Total Passed through the Tennessee Department of Finance and Administration, Office of Criminal Justice Programs	Second Chance Act Prisoner Reentry Initiative Total Assistance Listing Number 16.812 Total U.S. Department of Justice Direct Assistance	U.S. Department of Justice U.S. Department of Justice Direct Assistance: Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Total Assistance Listing Number 16.736	Grantor or Pass-Through Grantor
16.838	16.838	lth and Substa 16.575 f Mental Healt	16.575 ns	16.812	16.736	Assistance Listing #
2020-AR-BX-0110	Edison 72058	nce Abuse Services Edison 79648 h and Substance Abuse Services	Edison 47714 Edison 47763 Edison 47765 Edison 47775 Edison 47775 Edison 47776 Edison 47776	15PBJA-21-GG-04045-SCAX	15JOVW-22-GG-03247-TRAN	Grant #
	·	·		,	·	Passed through to Subrecipients
95,193 95,193 171,758 2,349,549	76,565 76,565	132,000 132,000 1,667,920	168,809 51,159 87,647 56,055 76,354 856,504 856,504 856,504	352,937 352,937 509,871	156,934 156,934	Expenditures

HELEN ROSS MCNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Tennessee Department of Mental Health and Substance Abuse Services	STATE ASSISTANCE PROGRAMS Tennessee Department of Health	Grantor or Pass-Through Grantor
ADAT Supervised Probation (Dedicated State) (SPOT) Addictions Recovery Program (ARP) Addi Continuum of Care (COC) State Amendment Alcohol and Drug Addiction Treatment Program (Dedicated State) (ADAT) Behavioral Health Safety Net for Children (BHSN-Children of TN) BHSN for Children Outreach Coordinators Cliff 2 o Supplemental Children and Youth Homelss Outreach Project Community Fargeted Transitional Support Community Fargeted Transitional Support Creating Homes Initiative (CEPI) Crisis - Respite Crisis - Respite Crisis Stabilization Unit for Children First Episode Psychosis Initiative (FEPI) HIV/ADD S Early Intervention (State) Initiative Long-Term Support - East TN Infersive Long-Term Support Services Region I- East TN Urgent Care Intensive Long-Term Support Services Region I- East TN Urgent Care Medically Monitored Crisis Detax-Lakeshore Mental Health Services and Bonuses to Medical Practitioners Program Miscellaneous Appropriations - East TN Urgent Care Mental Health Services and Bonuses to Medical Practitioners Program Miscellaneous Appropriations - East TN Urgent Care Medically Monitored Crisis Detax-Lakeshore Mental Health Services and Bonuses to Medical Practitioners Program Miscellaneous Appropriations - East TN Miltary Services Mobile Crisis - C&Y MOVE Initiative One-Time Infrastructure Grant (SAS) Peer Wallmess - East TN Projects for Assistance in the Transition from Homelessness (PATH) Supplement	Healthy Start Home Visiting Program	Program Name or Contract Name
Edison 78092 Edison 78104 Edison 78084 Edison 78087 Edison 78069 Edison 78069 Edison 78069 Edison 78069 Edison 78113 Edison 78070 Edison 78143 Edison 78524 Edison 78524 Edison 781463 Edison 781463 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 78176 Edison 74163 Edison 74164 Edison 74164 Edison 74164 Edison 74164 Edison 74164	GR2271726	Grant #
29,198 6,194 469,737 300,720 100,964 1,814,836 120,988 85,000 572,500 191,223,988 2,759,988 140,000 191,238 2,759,988 140,000 202,398 199,999 2,79,000 351,779 1,214,801 1,169,640 2,250,000 1,204,060 1,204,060 1,204,060 1,378,887 118,858 2,27,480 334,788 324,788 428,200 88,765	\$ 356,793	Expenditures

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is schedule.

		Tennessee Department of Human Services	Tennessee Department of Finance and Administration, Office of Criminal Justice Programs	Tennessee Department of Treasury - Sexual Assault Forensic Examination (SAFE)	Tennessee Department of Children's Services		Tennessee Department of Mental Health and Substance Abuse Services (Continued)	STATE ASSISTANCE PROGRAMS (Continued)	Grantor or Pass-Through Grantor	
TOTAL FEDERAL AND STATE ASSISTANCE PROGRAMS	TOTAL STATE ASSISTANCE PROGRAMS	Individual Placement Support (IPS) Supported Employment Services (SE) Vocational Rehab Total Tennessee Department of Human Services	VSSG, State Victim Services Offset (DV) VSSG, State Victim Services Offset (SA) Total Tennessee Department of Finance and Administration, Office of Criminal Justice Programs	SANE - TN Exam Reimbursement Total Tennessee Department of Children's Services	Community Intervention Services DCS Continuum Independent Living / Resource Center (Project NOW) Intensive Probation Passed Through Knox County Juvenile Court Custody Prevention Services Special Education Grant for Lakebrook Academy and Gateway Center Tennessee Investment in Student Attachment (TISA) Total Tennessee Department of Children's Services	School Based Liaison for At Risk Youth (STATE) Supported Employment Initiative Supportive Recovery Housing (Blount Co) Tennessee Recovery Oriented Compliance Strategy Program (TN-ROCS) Tennessee Resiliency Project TN Department of Correction (TDOC) SFV24 TN Department of Correction (TDOC) SFV24 TN Prevention Network II (unit rate) (State) TTI Grant - East Tennessee Crisis Continuum Staff Workforce Development Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS) Lakeshore Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS) Lakeshore Total Tennessee Department of Mental Health and Substance Abuse	Public Behavioral Health Workforce Sign-on and Retention Bonus		Program Name or Contract Name	For the Year Ended June 30, 2024
			Edison 52035 Edison 52337		Edison 77171 PBC01737 Edison 60799 Edison 77146 Edison 77160 SPED01740	Edison 78508 Edison 74669 Edison 79304 Edison 79083 Edison 78091 Edison 78128 Edison 78116 Edison 78116 Edison 78116	Edison 80974 Edison 79115		Grant #	
\$ 59,114,675	37,275,412	70,359 70,359	135,551 137,394 272,945	36,000 36,000	263,827 7,065,820 50,000 296,493 183,392 5,000 209,310 209,311	3,827,568 181,875 95,000 239,977 1,341,807 155,799 155,799 155,799 107,092 36,104 21,351 28,465,474	1,865,386 179.999		Expenditures	

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

HELEN ROSS MCNABB CENTER, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Helen Ross McNabb Center, Inc. under programs of the federal and state governments for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Helen Ross McNabb Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Helen Ross McNabb Center, Inc.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

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

NOTE 3 - INDIRECT COST RATE

Helen Ross McNabb Center, Inc. has negotiated a federally approved 28.50% indirect cost rate.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

ASSETS								
		Center	-	Foundation	-	Eliminations	-	Total
CURRENT ASSETS	\$	16,064,718	\$	2,308,295	\$	0	\$	18,373,013
Cash and Cash Equivalents Short-Term Investments	φ	2,559,649	ψ	2,500,255	Ψ	ŏ	Ψ	2,559,649
Receivables, Net		14,147,698		Ō		0		14,147,698
Due from McNabb Foundation		318,936		0		(318,936)		0
Pledges Receivable, Net		0		1,234,605		0		1,234,605
Prepaid Expenses		1,061,634	-	0	-	0	-	1,061,634
Total Current Assets		34,152,635	-	3,542,900	-	(318,936)	-	37,376,599
PROPERTY AND EQUIPMENT - NET		53,017,359	_	0	-	0	-	53,017,359
RIGHT-OF-USE LEASE ASSETS		435,584	-	00	-	0	-	435.584
OTHER ASSETS								
Investments Restricted for Endowment		0		53,351,349		0		53,351,349
Long-Term Pledges Receivable, Net		0		1,166,989		0		1,166,989
Long-Term Investments		3,498,868		0		0		3,498,868 903,696
Investments for Deferred Compensation Plan		903,696 57,630,127		0		(57,630,127)		903,090
Beneficial Interest in Assets Held by Foundation			-		-		-	
Total Other Assets	_	62,032,691	-	54,518,338	-	(57,630,127)	-	58,920,902
TOTAL ASSETS	\$_	149,638,269	\$=	58,061,238	\$_	(57,949,063)	\$_	149,750,444
LIABILITIES AND NET ASSETS								
		Center	_	Foundation	_	Eliminations	_	Total
CURRENT LIABILITIES			-					
Accounts Payable	\$	2,806,634	\$	112,175	\$	0	\$	2,918,809
Accounts Payable - Center		0		318,936		(318,936)		0
Accrued Annual Leave		2,206,274		0		0		2,206,274
Accrued Salaries Payable		2,352,830		0		0		2,352,830 3,268,216
Deferred Revenue		3,268,216		0		0		689,146
Other Accrued Liabilities Current Portion of Lease Liabilities		689,146 196,010		0		0		196,010
Current Portion of Long-Term Liabilities		25,000		0		ő		25,000
Total Current Liabilities		11,544,110	-	431,111	-	(318,936)	-	11,656,285
Total Current Liabilities		11,044,110	-		-	(0.0,000)	-	
LONG-TERM LIABILITIES		05 000		0		0		25,000
Note Payable		25,000 10,044,801		0		0		10,044,801
Grant Notes Payable Lease Liabilities		239,408		0		0		239,408
Deferred Compensation Plans Payable		903,696		0		Ő		903,696
Total Long-Term Liabilities		11,212,905	-	0		0	-	11,212,905
TOTAL LIABILITIES		22,757,015	-	431,111	_	(318,936)		22,869,190
		22,101,010	-		-	(0.0,000/	-	
NET ASSETS		05 400 700				0		98,116,305
Without Donor Restrictions		65,429,788		32,686,517		(57,630,127)		28,764,949
With Donor Restrictions	-	61,451,466	-	24,943,610	-		-	
Total Net Assets		126,881,254	-	57,630,127	-	(57,630,127)	-	126,881,254
TOTAL LIABILITIES AND NET ASSETS	\$_	149,638,269	\$_	58,061,238	\$_	(57,949,063)	\$=	149,750,444

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS		Center		Foundation		Eliminations		Total
CURRENT ASSETS Cash and Cash Equivalents Short-Term Investments Receivables, Net Due from McNabb Foundation Pledges Receivable, Net Prepaid Expenses	\$	14,847,277 6,957,757 10,746,130 172,522 0 836,931	\$	4,112,948 0 0 1,127,769 0	\$	0 0 (172,522) 0 0	\$	18,960,225 6,957,757 10,746,130 0 1,127,769 836,931
Total Current Assets		33,560,617	-	5,240,717	-	(172,522)	_	38,628,812
PROPERTY AND EQUIPMENT - NET		49,117,532	-	0	-	0		49,117,532
RIGHT-OF-USE LEASE ASSETS		406,482	_	0	-	00	_	406,482
OTHER ASSETS Investments Restricted for Endowment Long-Term Pledges Receivable, Net Investments for Deferred Compensation Plan Beneficial Interest in Assets Held by Foundation Total Other Assets	_	0 0 583,442 50,091,875 50,675,317	-	44,591,152 584,437 0 45,175,589	-	0 0 (50,091,875) (50,091,875)		44,591,152 584,437 583,442 0 45,759,031
TOTAL ASSETS	\$	133,759,948	\$_	50,416,306	\$_	(50,264,397)	\$_	133,911,857
LIABILITIES AND NET ASSETS	_	Center	_	Foundation	_	Eliminations	_	Total
CURRENT LIABILITIES Accounts Payable Accounts Payable - Center Accrued Annual Leave Accrued Salaries Payable Deferred Revenue Current Portion of Lease Liabilities Other Accrued Liabilities Current Portion of Long-Term Liabilities Total Current Liabilities	\$	2,418,740 0 1,974,317 1,729,255 4,845,108 170,977 678,380 25,000 11,841,777	\$	121,909 172,522 0 30,000 0 0 0 324,431	\$	0 (172,522) 0 0 0 0 0 0 0 (172,522)	\$	2,540,649 0 1,974,317 1,729,255 4,875,108 170,977 678,380 25,000 11,993,686
LONG-TERM LIABILITIES Note Payable Grant Notes and Leases Payable Lease Liabilities Deferred Compensation Plans Payable Total Long-Term Liabilities		50,000 9,944,101 231,046 583,442 10,808,589	-	0 0 0 0	-	0 0 0	_	50,000 9,944,101 231,046 583,442 10,808,589
TOTAL LIABILITIES		22,650,366		324,431	-	(172,522)		22,802,275
NET ASSETS Net Assets Without Donor Restriction Net Assets With Donor Restrictions		57,196,368 53,913,214 111,109,582	_	29,194,410 20,897,465 50,091,875	-	0 (50,091,875) (50,091,875)	_	86,390,778 24,718,804 111,109,582
Total Net Assets					- •		, —	
TOTAL LIABILITIES AND NET ASSETS	\$ <u></u>	133,759,948	\$=	50,416,306	\$=	(50,264,397)	^{\$} =	133,911,857

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

	_	Center Total	_	Foundation Total	_	Eliminations	-	Consolidated Total
REVENUES AND OTHER SUPPORT					•	<u>.</u>	•	00 004 704
Tenncare, Medicare, and Other, Net	\$	33,631,791	\$	0	\$	0	\$	33,631,791
Direct Federal Assistance		5,339,903		0		0		5,339,903 52,666,532
State of Tennessee		52,666,532		0		0		6,132,598
Local Governments		6,132,598		0		0		1,961,213
Other Grants		1,961,213		0 751 720		0		2,964,537
Contributions and Support		212,807		2,751,730		0		904,466
United Way		904,466		0 1,493,733		0		2,312,246
Investment Return, Net		818,513 0		984,492		0		984,492
Special Events, Net		2,792,190		904,492 0		0		2,792,190
Other Income Unrealized Gain on Investments		2,792,190		5,026,314		0		5,026,314
Helen Ross McNabb Foundation		10,081,071		0,020,014		(10,081,071)		0,020,011
Helen Ross McNabb Foundation		10,001,071	-	0	-	(10,001,011)	-	
Total Revenues and Other Support	_	114,541,084	_	10,256,269	-	(10,081,071)	-	114,716,282
EXPENSES								
Program Services		78,552,789		2,015,100		(1,911,634)		78,656,255
Administrative and General		19,787,162		14,500		0		19,801,662
Fund Raising		429,461	_	688,417	-	(631,185)	-	486,693
Total Expenses	_	98,769,412		2,718,017	-	(2,542,819)	-	98,944,610
INCREASE IN NET ASSETS		15,771,672		7,538,252		(7,538,252)		15,771,672
NET ASSETS, BEGINNING OF YEAR	_	111,109,582	_	50,091,875	-	(50,091,875)	-	111,109,582
NET ASSETS, END OF YEAR	\$=	126,881,254	\$_	57,630,127	\$_	(57,630,127)	\$	126,881,254

SCHEDULE II

CONSOLIDATING STATEMENT OF ACTIVITIES

	_	Center Total	 Foundation Total	 Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT	-				
Tenncare, Medicare, and Other, Net	\$	32,348,566	\$ 0	\$ 0\$	32,348,566
Direct Federal Assistance		5,138,035	0	0	5,138,035
State of Tennessee		38,581,539	0	0	38,581,539
Local Governments		5,413,547	0	0	5,413,547
Other Grants		1,795,316	0	0	1,795,316
Contributions and Support		236,988	3,710,950	0	3,947,938
United Way		1,122,808	0	0	1,122,808
Investment Return, Net		249,003	1,159,037	0	1,408,040
Special Events, Net		, 0	971,324	0	971,324
Other Income		2,399,828	0	0	2,399,828
Unrealized Gain on Investments		<i>'</i> ' 0	3,119,214	0	3,119,214
Helen Ross McNabb Foundation	_	8,785,323	 0	 <u>(8,785,323)</u>	0
Total Revenues and Other Support	-	96,070,953	 8,960,525	 (8,785,323)	96,246,155
EXPENSES					
Program Services		68,915,141	1,102,370	(1,013,451)	69,004,060
Administrative and General		15,398,451	13,750	0	15,412,201
Fund Raising		512,620	656,923	 (584,390)	<u>585,153</u>
Total Expenses	-	84,826,212	 1,773,043	(1,597,841)	85,001,414
INCREASE IN NET ASSETS		11,244,741	7,187,482	(7,187,482)	11,244,741
NET ASSETS, BEGINNING OF YEAR	-	99,864,841	 42,904,393	(42,904,393)	99,864,841
NET ASSETS, END OF YEAR	\$_	111,109,582	\$ 50,091,875	\$ (50,091,875) \$	111,109,582

INTERNAL CONTROL AND COMPLIANCE SECTION



PUGH & COMPANY, P.C. 315 NORTH CEDAR BLUFF ROAD, SUITE 200 KNOXVILLE, TENNESSEE 37923 Telephone: 865-769-0660 Fax: 865-769-1660

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended of Helen Ross McNabb Center, Inc. (a nonprofit corporation), and the related notes to the financial statements, which collectively comprise Helen Ross McNabb Center, Inc.'s (the "Organization") financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants Knoxville, Tennessee November 21, 2024



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INDEPENDENT AUDITOR'S REPORT FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Helen Ross McNabb Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Helen Ross McNabb Center, Inc.'s major federal programs for the year ended June 30, 2024. Helen Ross McNabb Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Helen Ross McNabb Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Helen Ross McNabb Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Helen Ross McNabb Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and
 perform audit procedures responsive to those risks. Such procedures include examining, on a test basis,
 evidence regarding Helen Ross McNabb Center, Inc.'s compliance with the compliance requirements
 referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Helen Ross McNabb Center Inc.'s internal control over compliance relevant to
 the audit in order to design audit procedures that are appropriate in the circumstances and to test and report
 on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of
 expressing an opinion on the effectiveness of Helen Ross McNabb Center Inc.'s internal control over
 compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Pugh & Company, P.C.

Certified Public Accountants Knoxville, Tennessee November 21, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

<i>Financial Statements</i> Type of auditor's report issued: Internal control over financial reporting:	Unmodified
Material weakness(es) identified?	Yes <u>X</u> No
 Significant deficiency(ies) identified? Noncompliance material to financial statements noted? 	Yes X None Reported Yes X No
Federal Awards	
Internal control over major programs: Material weakness(es) identified? 	Yes <u>X</u> No
 Significant deficiency(ies) identified? 	Yes X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes <u>X</u> No
Identification of major programs:	
Assistance Listings	Name of Federal Program or Cluster
16.812	Second Chance Act Reentry Initiative
93.087	Enhance Safety of Children Affected by Substance Abuse
93.788	Opioid STR
93.958	Block Grants for Community Mental Health
Dollar threshold used to distinguish between type A and type B programs: \$	750,000
Auditee qualified as low-risk auditee?	X YesNo

Section II - Financial Statement Findings

No matters are being reported.

Section III - Federal Award Findings and Questioned Costs

No matters are being reported.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Financial Statement Findings

There were none reported.

Federal Award Findings and Questioned Costs

There were none reported.

HELEN ROSS McNABB CENTER MY FY25 BUDGET SUMMARY

	FY25	MYFY25	INCREASE (DECREASE)		PERCENT CHANGE
REVENUES					
Federal	\$ 4,936,567	\$ 5,230,035	\$	293,468	5.9%
Opioid Abatement Council	6,155,000	6,280,000	\$	125,001	2.0%
TN OCJP	2,442,565	2,436,961	\$	(5,604)	-0.2%
TN Dept of Health & TN Dept of Human Services	3,984,034	3,912,962	\$	(71,072)	-1.8%
TN Dept of Mental Health	47,603,220	47,678,474	\$	75,254	0.2%
TN Dept of Children Services	9,532,831	9,512,581	\$	(20,250)	-0.2%
TN Dept of Education	74,250	-	\$	(74,250)	-100.0%
Food Reimbursement	214,250	214,250	\$	-	0.0%
City and County Governments	6,239,255	7,867,373	\$	1,628,118	26.1%
Other Grants	2,165,221	2,074,402	\$	(90,819)	-4.2%
Foundation	1,365,979	2,127,776	\$	761,797	55.8%
United Ways	595,165	575,100	\$	(20,065)	-3.4%
TennCare	32,031,429	32,507,153	\$	475,723	1.5%
Medicare	819,549	939,708	\$	120,159	14.7%
Commercial Insurance & Private Pay	1,259,552	2,063,453	\$	803,901	63.8%
Other - Housing Rental Receipts, Interest Income, EHR	 2,099,801	2,684,057	\$	584,255	27.8%
Total Revenue	\$ 121,518,669	\$ 126,104,283	\$	4,585,615	3.8%
EXPENSES					
Salaries	\$ 69,767,282	\$ 72,729,559	\$	2,962,276	4.2%
Employee Benefits	11,688,664	10,470,963	\$	(1,217,701)	-10.4%
Social Security	5,581,383	5,906,376	\$	324,993	5.8%
Professional Services	879,357	1,813,102	\$	933,746	106.2%
Supplies	4,651,936	4,714,211	\$	62,275	1.3%
Telephone	1,233,088	1,301,560	\$	68,472	5.6%
Postage	26,000	26,000	\$	-	0.0%
Occupancy Expenses	5,335,311	5,613,911	\$	278,600	5.2%
Data Processing, Equipment Rental and Maintenance	2,052,800	2,499,580	\$	446,780	21.8%
Printing & Publication	108,086	61,824	\$	(46,262)	-42.8%
Travel	2,062,988	2,078,848	\$	15,860	0.8%
Professional Development	361,540	489,696	\$	128,156	35.4%
Insurance	1,272,326	1,416,426	\$	144,100	11.3%
Foster Care Payments	1,062,267	1,051,687	\$	(10,580)	-1.0%
Patient Assistance	780,139	768,497	\$	(11,642)	-1.5%
Depreciation and Interest Expense	2,195,000	2,651,000	\$	456,000	20.8%
Non-Personnel Expenses	837,510	898,185	\$	60,675	7.2%
Allowance for Uncollectible Accounts	6,652	21,045	\$	14,393	216.4%
Reimbursed Capital Expenses	9,155,901	8,658,100	\$	(497,801)	-5.4%
Provision for Future Healthcare Needs	 2,460,439	2,933,713	\$	473,274	19.2%
Total Expenses	\$ 121,518,669	\$ 126,104,283	\$	4,585,615	4.6%