



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,

Shelby Graves
Executive Assistant to the CEO



TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
FINANCE DEPARTMENT

February 11, 2025

McNabb Center/Youth Emergency Shelter (Y.E.S.)
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 – ahale@co.hamblen.tn.us
Dennis Fox – dfox@co.hamblen.tn.us

Please provide the following items electronically:

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

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

2024-2025 Contribution:

\$2,600

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,

A handwritten signature in cursive script, appearing to read "Teri M. Johnson".

Teri M. Johnson
Operations Manager, AM Ops. 3

HELEN ROSS McNABB CENTER, INC.

Knoxville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023



HELEN ROSS McNABB CENTER, INC.
CONSOLIDATED FINANCIAL STATEMENTS
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INTRODUCTORY SECTION

HELEN ROSS McNABB CENTER, INC.

ROSTER OF OFFICIALS

Board of Directors

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

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. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

HELEN ROSS McNABB CENTER, INC.
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	\$ 42,159,266	\$ 0	\$ 42,159,266
Other Third Party Payors	8,398,726	0	8,398,726
Less: Contractual Adjustments	<u>(16,926,201)</u>	<u>0</u>	<u>(16,926,201)</u>
	<u>33,631,791</u>	<u>0</u>	<u>33,631,791</u>
Direct Federal Assistance	5,339,903	0	5,339,903
State of Tennessee	52,666,532	0	52,666,532
Local Governments and Other Grants	<u>8,093,811</u>	<u>0</u>	<u>8,093,811</u>
NET PATIENT SERVICES REVENUE	<u>99,732,037</u>	<u>0</u>	<u>99,732,037</u>
CONTRIBUTIONS AND OTHER			
Contributions and Other Support	1,088,633	2,780,370	3,869,003
Investment Return, Net	1,741,085	571,161	2,312,246
Unrealized Gain on Investments	3,551,455	1,474,859	5,026,314
Special Events, Net	984,492	0	984,492
Other Income	<u>2,792,190</u>	<u>0</u>	<u>2,792,190</u>
Total Contributions and Other	<u>10,157,855</u>	<u>4,826,390</u>	<u>14,984,245</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	<u>780,245</u>	<u>(780,245)</u>	<u>0</u>
Total Revenues and Other Support	<u>110,670,137</u>	<u>4,046,145</u>	<u>114,716,282</u>
EXPENSES			
Program Services:			
Mental Health	36,768,050	0	36,768,050
Substance Abuse	11,136,184	0	11,136,184
Social Services	6,797,422	0	6,797,422
Crisis Services	8,001,396	0	8,001,396
Foster Care and Adoption	7,534,438	0	7,534,438
Early Intervention and Prevention	2,885,487	0	2,885,487
Justice Programs	<u>5,533,278</u>	<u>0</u>	<u>5,533,278</u>
Total Program Services	<u>78,656,255</u>	<u>0</u>	<u>78,656,255</u>
Supporting Services:			
Administrative and General	19,801,662	0	19,801,662
Fund Raising	<u>486,693</u>	<u>0</u>	<u>486,693</u>
Total Supporting Services	<u>20,288,355</u>	<u>0</u>	<u>20,288,355</u>
Total Expenses	<u>98,944,610</u>	<u>0</u>	<u>98,944,610</u>
INCREASE IN NET ASSETS	11,725,527	4,046,145	15,771,672
NET ASSETS, BEGINNING OF YEAR	<u>86,390,778</u>	<u>24,718,804</u>	<u>111,109,582</u>
NET ASSETS, END OF YEAR	<u>\$ 98,116,305</u>	<u>\$ 28,764,949</u>	<u>126,881,254</u>

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

HELEN ROSS McNABB CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PATIENT SERVICES REVENUE			
TennCare	\$ 39,959,870	\$ 0	\$ 39,959,870
Other Third Party Payors	5,744,513	0	5,744,513
Less: Contractual Adjustments	<u>(13,355,817)</u>	<u>0</u>	<u>(13,355,817)</u>
	<u>32,348,566</u>	<u>0</u>	<u>32,348,566</u>
Direct Federal Assistance	5,138,035	0	5,138,035
State of Tennessee	38,581,539	0	38,581,539
Local Governments and Other Grants	<u>7,208,863</u>	<u>0</u>	<u>7,208,863</u>
NET PATIENT SERVICES REVENUE	<u>83,277,003</u>	<u>0</u>	<u>83,277,003</u>
CONTRIBUTIONS AND OTHER			
Contributions and Other Support	1,455,314	3,615,432	5,070,746
Investment Return, Net	1,068,814	339,226	1,408,040
Unrealized Gain (Loss) on Investments	2,024,439	1,094,775	3,119,214
Special Events, Net	971,324	0	971,324
Other Income	<u>2,399,828</u>	<u>0</u>	<u>2,399,828</u>
Total Contributions and Other	<u>7,919,719</u>	<u>5,049,433</u>	<u>12,969,152</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Purpose Restrictions	<u>699,852</u>	<u>(699,852)</u>	<u>0</u>
Total Revenues and Other Support	<u>91,896,574</u>	<u>4,349,581</u>	<u>96,246,155</u>
EXPENSES			
Program Services:			
Mental Health	30,672,488	0	30,672,488
Substance Abuse	9,874,547	0	9,874,547
Social Services	6,439,486	0	6,439,486
Crisis Services	7,233,270	0	7,233,270
Foster Care and Adoption	6,772,330	0	6,772,330
Early Intervention and Prevention	2,806,364	0	2,806,364
Justice Programs	<u>5,205,575</u>	<u>0</u>	<u>5,205,575</u>
Total Program Services	<u>69,004,060</u>	<u>0</u>	<u>69,004,060</u>
Supporting Services:			
Administrative and General	15,412,201	0	15,412,201
Fund Raising	<u>585,153</u>	<u>0</u>	<u>585,153</u>
Total Supporting Services	<u>15,997,354</u>	<u>0</u>	<u>15,997,354</u>
Total Expenses	<u>85,001,414</u>	<u>0</u>	<u>85,001,414</u>
INCREASE IN NET ASSETS	6,895,160	4,349,581	11,244,741
NET ASSETS, BEGINNING OF YEAR	<u>79,495,618</u>	<u>20,369,223</u>	<u>99,864,841</u>
NET ASSETS, END OF YEAR	<u>\$ 86,390,778</u>	<u>\$ 24,718,804</u>	<u>\$ 111,109,582</u>

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

HELEN ROSS McNABB CENTER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in Net Assets	\$	15,771,672	\$ 11,244,741
Adjustments to Reconcile Increase in 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	294,144
Lease Liabilities		266,394	0
Other Accrued Liabilities		242,723	401,497
Net Cash Provided by Operating Activities		<u>7,262,454</u>	<u>12,514,635</u>
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		<u>(30,074,489)</u>	<u>(21,245,825)</u>
Net Cash Used in Investing Activities		<u>(8,422,166)</u>	<u>(11,951,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issuance of Notes Payable		<u>572,500</u>	<u>4,137,869</u>
Net Cash Provided by Financing Activities		<u>572,500</u>	<u>4,137,869</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(587,212)	4,700,755
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>18,960,225</u>	<u>14,259,470</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	<u><u>18,373,013</u></u>	\$ <u><u>18,960,225</u></u>
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.

HELEN ROSS MCNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services							Supporting Services			Total
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	
Salaries & Wages	\$ 26,956,711	\$ 6,483,635	\$ 3,292,680	\$ 5,498,533	\$ 4,423,590	\$ 1,803,107	\$ 3,593,353	\$ 52,051,609	\$ 10,752,499	\$ 286,506	\$ 63,090,614
Employee Benefits & Payroll Taxes	5,235,421	1,368,070	705,482	1,137,780	923,620	384,533	756,616	10,511,532	2,495,653	60,780	13,067,965
Professional Fees	181,290	82,916	64,018	192,172	56,867	12,910	24,514	614,487	770,614	342	1,385,443
Supplies	718,488	1,863,049	452,361	441,626	371,310	139,287	258,775	4,244,896	485,266	5,457	4,735,639
Telephone	269,845	60,326	61,378	66,820	40,462	33,659	52,268	584,758	122,213	7,270	714,241
Postage	5,746	953	1,269	279	720	858	170	9,985	14,210	454	24,659
Occupancy	1,443,534	690,527	1,283,694	381,967	468,493	148,284	341,388	4,757,907	722,113	16,666	5,496,686
Equipment, Rental & Maintenance	269,538	71,751	45,138	74,496	48,496	27,089	46,038	582,546	1,312,650	33,516	1,928,712
Printing & Publications	6,198	1,407	4,247	349	176	1,358	1,481	15,216	23,157	430	38,803
Travel	749,937	165,587	124,530	71,078	126,445	175,248	169,827	1,582,652	230,652	11,382	1,824,696
Conferences & Meetings	89,881	34,777	18,119	14,860	12,285	48,913	22,916	241,751	79,356	809	321,916
Insurance	381,835	112,227	124,453	71,252	84,894	39,081	66,801	880,583	289,593	5,368	1,175,544
Grants & Awards	0	4,250	14,571	0	921,742	0	0	940,563	0	0	940,563
Specific Assistance to Clients	305,909	72,778	484,678	24,190	14,114	69,199	189,364	1,160,232	0	0	1,160,232
In Kind Expenses	0	105,883	106,924	0	0	0	0	212,807	0	0	212,807
Depreciation	0	0	0	0	0	0	0	0	2,108,619	0	2,108,619
Other Non-personnel	50,251	18,048	13,830	25,974	41,424	1,961	9,767	161,255	380,547	471	542,273
Total Center	36,664,584	11,136,184	6,797,422	8,001,396	7,534,438	2,885,487	5,533,278	78,552,789	19,787,162	429,461	98,769,412
Foundation Operations	103,466	0	0	0	0	0	0	103,466	14,500	57,232	175,198
Total Foundation	103,466	0	0	0	0	0	0	103,466	14,500	57,232	175,198
TOTAL	\$ 36,768,050	\$ 11,136,184	\$ 6,797,422	\$ 8,001,396	\$ 7,534,438	\$ 2,885,487	\$ 5,533,278	\$ 78,656,255	\$ 19,801,662	\$ 486,693	\$ 98,944,610

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

HELEN ROSS MCNABB CENTER, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services							Supporting Services			Total
	Mental Health	Substance Abuse	Social Services	Crisis Services	Foster Care and Adoption	Early Intervention and Prevention	Justice Programs	Total Programs	Administrative and General	Fund Raising	
Salaries & Wages	\$ 20,848,543	\$ 5,534,199	\$ 3,070,562	\$ 4,828,614	\$ 3,636,187	\$ 1,604,660	\$ 3,207,823	\$ 42,728,588	\$ 9,167,002	\$ 321,289	\$ 52,216,879
Employee Benefits & Payroll Taxes	5,052,702	1,342,786	744,250	1,216,778	827,058	392,977	765,400	10,341,951	2,384,850	84,644	12,791,445
Professional Fees	138,229	52,545	19,656	160,951	54,665	3,747	16,748	446,541	442,181	831	889,553
Supplies	522,236	1,293,771	353,556	196,181	273,998	150,837	140,533	2,931,112	247,688	4,947	3,183,747
Telephone	288,234	103,883	67,337	119,406	41,540	38,231	72,213	730,844	166,109	7,357	904,310
Postage	5,327	553	624	211	876	449	93	8,133	11,947	790	20,870
Occupancy	1,344,172	574,531	893,533	281,649	397,016	134,990	265,690	3,891,581	690,630	15,459	4,597,670
Equipment, Rental & Maintenance	347,969	111,457	61,087	76,898	60,089	36,377	59,947	753,824	771,548	31,491	1,556,863
Printing and Publications	11,828	2,803	1,757	3,779	531	1,530	2,032	24,260	19,416	2,022	45,698
Travel	657,759	150,399	78,546	74,639	136,609	168,106	199,289	1,465,347	225,458	15,278	1,706,083
Conferences and Meetings	117,733	58,040	9,636	14,274	10,078	31,021	23,586	284,368	57,990	4,962	327,320
Insurance	387,060	127,316	127,652	76,059	81,029	40,393	66,790	906,299	380,332	5,249	1,291,880
Grants and Awards	0	2,575	11,517	0	1,044,195	0	0	1,058,287	0	0	1,058,287
Specific Assistance to Clients	305,674	130,127	376,323	12,215	11,766	140,408	217,884	1,194,397	25	0	1,194,422
In-Kind Expenses	0	146,038	90,950	0	0	0	0	236,988	0	0	236,988
Depreciation	477,556	222,955	497,902	159,953	168,145	57,885	154,989	1,739,385	311,607	8,900	2,059,892
Other Non-Personnel	78,547	20,569	34,598	13,663	28,548	4,753	12,558	193,236	541,668	9,401	744,305
Total Center	30,583,569	9,874,547	6,439,486	7,233,270	6,772,330	2,806,364	5,205,575	68,915,141	15,398,451	512,620	84,826,212
Foundation Operations	88,919	0	0	0	0	0	0	88,919	13,750	72,533	175,202
Total Foundation	88,919	0	0	0	0	0	0	88,919	13,750	72,533	175,202
TOTAL	\$ 30,672,488	\$ 9,874,547	\$ 6,439,486	\$ 7,233,270	\$ 6,772,330	\$ 2,806,364	\$ 5,205,575	\$ 69,004,060	\$ 15,412,201	\$ 585,153	\$ 85,001,414

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

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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 inter-entity transactions and balances have been eliminated in the consolidation.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Special Events - Revenues from special events are presented net of the direct costs associated with the special events. These direct costs for the years ended June 30, 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	\$ 95,235,867	\$ 83,550,912
Less Funds Unavailable for General Expenditures		
Within One Year:		
Restrictions by Donor	(28,764,949)	(24,718,804)
Board Designated Endowment Funds	(32,685,267)	(29,194,410)
Total Financial Assets Available to Meet General		
Expenditures Within the Next 12 Months	<u>\$ 33,785,651</u>	<u>\$ 29,637,698</u>

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

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

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

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

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	\$ 874,273	\$ 726,127
Provision	1,118,819	71,668
Charge Offs (Recovery)	(821,954)	76,478
Ending Balance	<u>\$ 1,171,138</u>	<u>\$ 874,273</u>

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable are due as follows:

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

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	<u>\$ 133,622</u>	<u>\$ 94,169</u>

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation follows:

	2024	2023
Land and Buildings	\$ 70,003,384	\$ 63,896,912
Furniture and Equipment	5,916,155	5,725,998
Construction in Progress	2,092,183	2,481,793
Total	78,011,722	72,104,703
Less: Accumulated Depreciation	(24,994,363)	(22,987,171)
Property and Equipment, Net	\$ 53,017,359	\$ 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	\$ 1,055,734	\$ 0	\$ (80,000)	\$ 975,734
City of Knoxville, Tennessee	1,940,000	0	(119,750)	1,820,250
State of Tennessee:				
Tennessee Housing Development Agency	3,769,800	0	(178,050)	3,591,750
Tennessee Department of Mental Health and Substance Abuse Services	3,178,567	572,500	(94,000)	3,657,067
State of Tennessee Total	6,948,367	572,500	(272,050)	7,248,817
Grant Notes Payable	\$ 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:				
Department of Education	\$ 57,909	\$ 0	\$ 0	\$ 57,909
Department of Human Services	167,193	0	0	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	8,363,364	0	0	8,363,364
Department of Mental Health and Substance Abuse Services	38,775,068	(572,500)	94,000	38,296,568
State of Tennessee Grant Awards	<u>\$ 52,966,982</u>	<u>\$ (572,500)</u>	<u>\$ 272,050</u>	<u>\$ 52,666,532</u>

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		<u>86,467</u>
Total minimum lease payments including interest		<u>453,902</u>
Less: Amounts representing interest		<u>18,484</u>
Present Value of minimum lease principal payments	\$	<u><u>435,418</u></u>

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	\$ 83,911,524	\$ 72,185,997
Designated - Transfer from Center	<u>14,204,781</u>	<u>14,204,781</u>
Total Nets Assets without Donor Restrictions	<u><u>\$ 98,116,305</u></u>	<u><u>\$ 86,390,778</u></u>

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

NOTE 15 - ENDOWMENT FUNDS

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

The Board of Directors has determined that some of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the Organization's policy is to report (a) the original value of gifts donated to the endowment as net assets with donor restrictions, (b) the original value of subsequent gifts to the endowment as net assets with donor restrictions, and (c) the net accumulation appreciation as net assets without donor restrictions.

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

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 15 - ENDOWMENT FUNDS (Continued)

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

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

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

NOTE 16 - RELATED PARTY TRANSACTION

The Helen Ross McNabb Mental Health Foundation is a private foundation organized to support the activities, facilities and programs of the Helen Ross McNabb Center. The Foundation has agreed to reimburse the Center for certain capital projects and for its administrative and other operational costs incurred, which have been paid on behalf of the Foundation by the Center. The balance due the Center from the Foundation at June 30, 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:

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

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

Donor Restrictions - For the 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

HELEN ROSS McNABB CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

<u>Grantor or Pass-Through Grantor</u>	<u>Assistance Listing #</u>	<u>Grant #</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures</u>
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	93.557	90Y02433-03-00	-	123,059
Street Outreach Program for Runaway, Homeless and Street Youth		90Y02433-02-00	-	34,441
Total Assistance Listing Number 93.557				157,500
Opioid State Targeted Response (STR)	93.788	H79T1086776-01	-	515,027
Comprehensive Opioid Recovery Centers				515,027
Total Assistance Listing Number 93.788				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79T1083664-01	-	412,464
Youth and Family TREE		H79T1083365-04	-	376,699
Workforce Support		H79T1083365-03	-	114,198
The East Tennessee Medication Assisted Treatment Program		1H79T1085408	-	167,201
Total Assistance Listing Number 93.243		H79T1085408-02	-	737,691
Total U.S. Department of Health and Human Services Direct Assistance				1,808,253
				4,338,448
Passed through Tennessee Department of Children's Services	93.590	Edison 76357	-	50,000
Community-Based Child Abuse Prevention Grants		Edison 76359	-	50,000
Child Abuse Prevention - Knox Region		Edison 76358	-	50,000
Child Abuse Prevention - Smoky Mountain Region				150,000
Total Assistance Listing Number 93.590				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	Edison 73726	-	139,522
Youth NOW				139,522
Total Assistance Listing Number 93.092				289,522
Total Passed through Tennessee Department of Children's Services				
Passed through Tennessee Department of Health	93.870	GR23-76729	-	30,912
Maternal, Infant and Early Childhood Home Visiting Grant Program		GR23-76729	-	103,563
ARP1 American Rescue Plan Act Funding for Home Visiting		GR-24-78325	-	626,970
ARP2 American Rescue Plan Act Funding for Home Visiting		GR2374541	-	234,438
Maternal, Infant and Early Childhood Home Visiting (MIECHV) Evidence-Based Home Visiting (EBHV) Program Services				995,883
Evidence Based Home Visiting Program Services				
Total Assistance Listing Number 93.870				
Injury Prevention and Control Research and State and Community Based Programs	93.136	Edison 74397	-	9,372
Rape Prevention Education		Edison 80476	-	83,331
Jefferson County & Beyond - Public Safety Partnerships				92,703
Total Injury Prevention and Control Research and State and Community Based Programs				1,088,586
Total Passed through Tennessee Department of Health				
Passed through Tennessee Department of Mental Health and Substance Abuse Services	93.136	Edison 74907	-	16,800
Injury Prevention and Control Research and State and Community Based Programs				109,503
TN Jail Navigator (TDOH-SFY24)				
Total Assistance Listing Number 93.136				

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

U.S. Department of Health and Human Services (Continued)	Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
Passed through Tennessee Department of Mental Health and Substance Abuse Services (Continued)					
Opioid State Targeted Response (STR)		93.788		-	209,466
State Opioid Response (SOR) III - Hub GFY23	Edison 78005			-	862,152
State Opioid Response (SOR) III - Hub GFY24	Edison 78005			-	325,078
State Opioid Response (SOR) III - HUB (Unit Rate) GFY23	Edison 78005			-	963,456
State Opioid Response (SOR) III - HUB (Unit Rate) GFY24	Edison 78005			-	148,146
State Opioid Response - Spoke III (SOR Spoke) GFY23	Edison 78005			-	6,292
State Opioid Response - Spoke III (SOR Spoke) GFY23	Edison 78005			-	28,164
Total Assistance Listing Number 93.788				-	3,169,724
Block Grants for Prevention and Treatment of Substance Abuse		93.959		-	213,346
Adol Day/Evng	Edison 78094			-	1,734,961
Continuum of Care (Block)	Edison 78087			-	185,535
TN Prevention Network II (Unit rate)	Edison 78128			-	74,995
Medically Monitored Withdrawal Management (MMWM) Fed	Edison 78976			-	284,285
Women's Recovery Oriented System of Care (WROSC)	Edison 78116			-	466,326
Women's Recovery Oriented System of Care (WROSC)/Pregnant Women's Services	Edison 78116			-	295,912
Adult Continuum of Care (COC) COVID19 Supplemental Grant	Edison 78087			-	3,255,360
Total Assistance Listing Number 93.959				-	
Projects for Assistance in Transition from Homelessness (PATH)		93.150		-	103,314
Projects for Assistance in the Transition from Homelessness	Edison 78717			-	103,314
Total Assistance Listing Number 93.150				-	6,637,901
Total Passed through Tennessee Department of Mental Health and Substance Abuse Services				-	
Passed through Tennessee Department of Finance and Administration, Office of Criminal Justice Programs		93.671		-	224,645
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Edison 47689			-	427,698
Family Crisis Center (FVPSA) American Rescue Plan 2 DV	Edison 47719			-	190,715
Family Crisis Center (FVPSA) DV	Edison 47667			-	843,058
Sexual Assault (FVPSA) American Rescue Plan 3 (SA FVPSA ARP)				-	843,058
Total Passed through Tennessee Department of Finance and Administration, Office of Criminal Justice Programs				-	843,058
Total Assistance Listing Number 93.671				-	

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed Through Tennessee Department of Human Services Through Tennessee Department of Mental Health and Substance Abuse Services				
Temporary Assistance for Needy Families	93.558		-	284,744
System of Care Across Tennessee (SOCAT) TANF Initiative		Edison 74591		284,744
Total Passed Through Tennessee Department of Human Services Through Tennessee Department of Mental Health and Substance Abuse Services				284,744
Passed Through Tennessee Department of Human Services Through Tennessee Department of Health				
Temporary Assistance for Needy Families	93.558		-	234,666
Evidence-Based Home Visiting Program Services		GR2272125		827,919
Evidence-Based Home Visitation Granger, Morgan, Loudon, and Roane (TANF)		GR2272128		407,561
Healthy Start Home Visiting Program (TANF)		GR2271726		1,470,146
Total Passed Through Tennessee Department of Human Services Through Tennessee Department of Health				2,932,731
Passed Through Tennessee Department of Human Services Through The Partnership for Families, Children, and Adults, Inc.				
Temporary Assistance for Needy Families	93.558		-	284,676
Families First Community Based Contracts - 2GEN		2201TNTANF (76818)		284,676
Total Passed Through Tennessee Department of Human Services Through The Partnership for Families, Children, and Adults, Inc.				2,039,566
Total Assistance Listing Number 93.558				
Passed through Tennessee Department of Mental Health and Substance Abuse Services				
Block Grants for Community Mental Health Services	93.958		-	137,432
Regional Intervention Programs (Block)		Edison 70780		904,000
First Episode Psychosis Initiative (FEPI)		Edison 78716		32,445
COVID ARPA - Mental Health Block Grant Supplemental and COVID Mitigation		Edison 77421		58,872
COVID Relief - Mental Health Block Grant Supplement Mobile Crisis		Edison 77421		1,089,638
COVID Relief - Mental Health Block Grant Supplemental Funding		Edison 77421		65,180
Project B.A.S.I.C. (Better Attitudes and Skills in Children)		Edison 70439		34,891
Project B.A.S.I.C. (Better Attitudes and Skills in Children) BSCA		Edison 78737		63,073
Older Adults Program (OAP)		Edison 74142		207,516
School Based Liaisons for At Risk Youth (Block)		Edison 78508		64,550
Peer Wellness Coach - East Tennessee (Fed)		Edison 78507		35,705
Community Mental Health and Primary Care Integration Project		Edison 79978		2,693,312
Total Passed through Tennessee Department of Mental Health and Substance Abuse Services				2,693,312
Total Assistance Listing Number 93.958				

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through Tennessee Department of Mental Health and Substance Abuse Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	291,023
Project Rural Recovery GRY24		Edison 81733	-	600,207
Project Rural Recovery GRY23		Edison 77595	-	891,231
Total Passed through Tennessee Department of Mental Health and Substance Abuse Services				
Passed through University of Tennessee Knoxville	93.243		-	41,020
Substance Abuse and Mental Health Services Projects of Regional and National Significance		6H79SM085103-01M002	-	52,100
Implementing Multi-system Programs to Strengthen Attachment in Children and Families Affected by Trauma (IMPACT)		H79TI080738-05	-	107,217
Tennessee HIV/AIDS, Related Substance Use Disorder and Mental Disorders Services		H79SP080246-05	-	200,337
Tennessee Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities Ages 13-24 Cooperative Agreement			-	1,091,568
Total Passed through University of Tennessee Knoxville				18,302,288
Total Assistance Listing Number 93.243				
Total U.S. Department of Health and Human Services				
U.S. Department of Housing and Urban Development				
U.S. Department of Housing and Urban Development Direct Assistance:				
Continuum of Care Program	14.267		-	67,139
Consolidated Permanent Housing/Supportive Housing Grant		TN0036LAJ022316	-	355,356
Total U.S. Department of Housing and Urban Development Direct Assistance		TN0036LAJ022215	-	422,495
Total Assistance Listing Number 14.267				422,495
Total U.S. Department of Housing and Urban Development				

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2024

Grantor or Pass-Through Grantor	Assistance Listing #	Grant #	Passed through to Subrecipients	Expenditures
U.S. Department of Justice				
U.S. Department of Justice Direct Assistance:				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	15J0VW-22-GG-03247-TRAN	-	156,934
Total Assistance Listing Number 16.736				156,934
Second Chance Act Prisoner Reentry Initiative				
Total Assistance Listing Number 16.812	16.812	15PBJA-21-GG-04045-SCAX	-	352,937
Total U.S. Department of Justice Direct Assistance				352,937
				509,871
Passed through the Tennessee Department of Finance and Administration, Office of Criminal Justice Programs				
Crime Victim Assistance	16.575			
Victims of Crime Act (VOCA) - DV		Edison 47714	-	168,809
Victims of Crime Assistance, Family Justice Centers (VOCA-FJC-DV) Anderson		Edison 47763	-	51,159
Victims of Crime Assistance, Family Justice Centers (VOCA-FJC-DVSA) Knox		Edison 47765	-	87,647
Victims of Crime Assistance (VOCA) Under-Served		Edison 47761	-	56,055
Victims of Crime Assistance (VOCA) Transitional Housing		Edison 47775	-	76,354
Victims of Crime Act (VOCA) - SACET		Edison 47776	-	856,504
VOCA 2 Gen Chattanooga		Edison 44410	-	239,392
Total Passed through the Tennessee Department of Finance and Administration, Office of Criminal Justice Programs				1,535,920
Passed Through Tennessee Department of Finance and Administration Through Tennessee Department of Mental Health and Substance Abuse Services				
Crime Victim Assistance	16.575	Edison 79648	-	132,000
TN Recovery Navigators (Interdepartmental)				132,000
Total Passed Through Tennessee Department of Finance and Administration Through Tennessee Department of Mental Health and Substance Abuse Services				1,667,920
Total Assistance Listing Number 16.575				
Passed Through Tennessee Department of Mental Health and Substance Abuse Services				
Comprehensive Opioid, Stimulant, and Other Substance Use Program	16.838	Edison 72058	-	76,565
COSASAP TDOC Community Supervision Peer Recovery Support Project				76,565
Total Passed Through Tennessee Department of Mental Health and Substance Abuse Services				
Passed Through U.S. Department of Justice Through Cocke County, Tennessee				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2020-AR-BX-0110	-	95,193
Cocke County TNROCS				95,193
Total Passed Through Cocke County, Tennessee				171,758
Total Assistance Listing Number 16.838				2,349,549
Total U.S. Department of Justice				
TOTAL FEDERAL AWARDS				\$ 21,839,263

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS Tennessee Department of Health Tennessee Department of Mental Health and Substance Abuse Services	Healthy Start Home Visiting Program	GR2271726	\$ 356,793
	Total Tennessee Department of Health		356,793
Tennessee Department of Mental Health and Substance Abuse Services	ADAT Supervised Probation (Dedicated State) (SPOT)	Edison 78092	29,198
	Addictions Recovery Program (ARP)	Edison 78104	6,194
	Adol Residential	Edison 78094	469,737
	Adol Continuum of Care (COC) State Amendment	Edison 78087	300,720
	Alcohol and Drug Addiction Treatment Program (Dedicated State) (ADAT)	Edison 78092	100,964
	Behavioral Health Safety Net Adult (BHSN-Adult of TN)	Edison 74143	1,814,836
	Behavioral Health Safety Net for Children (BHSN-Children of TN)	Edison 78069	120,988
	BHSN for Children Outreach Coordinators	Edison 78069	85,000
	CHI 2.0 Supplemental	Edison 79304	572,500
	Children and Youth Homeless Outreach Project	Edison 70413	116,841
	Community Forensic & Juv Ct Evaluations	Edison 78070	127,300
	Community Supportive Housing	Edison 74138	56,778
	Community Targeted Transitional Support	Edison 78082	93,080
	Creating Homes Initiative 2 (CHI2) Regional Substance Use Housing Facilitators	Edison 70230	229,993
	Criminal Justice A&D and MH Liaisons-Lakeshore	Edison 78524	645,940
	Criminal Justice/Behavioral Health Liaison	Edison 74163	181,238
	Crisis - CSU	Edison 74163	2,759,988
	Crisis - Respite	Edison 74163	140,000
	Crisis - WIC	Edison 74163	1,311,467
	Crisis Stabilization Unit for Children	Edison 74163	409,640
	First Episode Psychosis Initiative (FEPI)	Edison 78716	202,398
	HIV/AIDS Early Intervention (State)	Edison 78745	199,999
	Inpatient Targeted Transitional Support - East TN	Edison 78110	279,000
	Intensive Long-Term Support Services Program (ILSSP) Region Three	Edison 79062	351,779
	Intensive Long-Term Support Services Region II- East TN (ILS-ET)	Edison 79081	1,214,801
	Juvenile Justice Reform Local Diversion (JJR Grant)	Edison 74906	1,169,063
	MAT Prescriber Availability - ED Induction Project	Edison 78178	90,350
	Medically Monitored Crisis Detox-Lakeshore	Edison 78976	1,050,585
	Mental Health - Helen Ross McNabb Center - East TN Urgent Care	PO 0000043816	2,250,000
	Mental Health Services and Bonuses to Medical Practitioners Program	Edison 81542	1,204,060
	Miscellaneous Appropriations - East TN Military Services	PO 0000046814	150,000
	Mobile Crisis - Adult	Edison 74163	1,378,887
	Mobile Crisis - C&Y	Edison 74163	118,458
	MOVE Initiative	Edison 78532	227,480
	One-Time Infrastructure Grant (SAS)	Edison 81340	334,788
	Peer Support Centers	Edison 74144	428,200
	Peer Wellness - East TN	Edison 78507	82,000
	Projects for Assistance in the Transition from Homelessness (PATH) Supplement	Edison 78717	88,765

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2024

Grantor or Pass-Through Grantor	Program Name or Contract Name	Grant #	Expenditures
STATE ASSISTANCE PROGRAMS (Continued)			
Tennessee Department of Mental Health and Substance Abuse Services (Continued)	Public Behavioral Health Workforce Sign-on and Retention Bonus	Edison 80974	1,865,386
	Recovery Courts - Adult	Edison 79115	179,999
	School Based Liaisons for At Risk Youth (STATE)	Edison 78508	3,827,568
	Supported Employment Initiative	Edison 74669	181,875
	Supported Recovery Housing (Blount Co)	Edison 79304	95,000
	Tennessee Recovery Oriented Compliance Strategy Program (TN-ROCS)	Edison 79083	239,977
	Tennessee Resiliency Project	Edison 73352	1,341,807
	TN Department of Correction (TDOC) SFY24	Edison 78091	155,799
	TN Prevention Network II (unit rate) (State)	Edison 78128	10,500
	TTI Grant - East Tennessee Crisis Continuum Staff Workforce Development	Edison 78107	107,092
	Women's Recovery Oriented System of Care - Pregnant Women's State	Edison 78116	36,104
	Women's Recovery Oriented System of Care/Neonatal Abstinence Syndrome (NAS) Lakeshore	Edison 78116	21,351
	Total Tennessee Department of Mental Health and Substance Abuse		28,465,474
Tennessee Department of Children's Services	Community Intervention Services	Edison 77171	263,827
	DCS Continuum	PBC01737	7,065,820
	Independent Living / Resource Center (Project NOW)	Edison 60799	50,000
	Intensive Probation	Edison 77146	296,493
	Passed Through Knox County Juvenile Court Custody Prevention Services	Edison 77160	183,392
	Special Education Grant for Lakebrook Academy and Gateway Center	SPED01740	5,000
	Tennessee Investment in Student Attachment (TISA)		209,310
	Total Tennessee Department of Children's Services		8,073,841
Tennessee Department of Treasury - Sexual Assault Forensic Examination (SAFE)	SANE - TN Exam Reimbursement		36,000
	Total Tennessee Department of Children's Services		36,000
Tennessee Department of Finance and Administration, Office of Criminal Justice Programs	VSSG, State Victim Services Offset (DV)	Edison 52035	135,551
	VSSG, State Victim Services Offset (SA)	Edison 52337	137,394
	Total Tennessee Department of Finance and Administration, Office of Criminal Justice Programs		272,945
Tennessee Department of Human Services	Individual Placement Support (IPS) Supported Employment Services (SE) Vocational Rehab		70,359
	Total Tennessee Department of Human Services		70,359
	TOTAL STATE ASSISTANCE PROGRAMS		37,275,412
	TOTAL FEDERAL AND STATE ASSISTANCE PROGRAMS		\$ 59,114,675

The accompanying notes are an integral part of this schedule.

HELEN ROSS McNABB CENTER, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 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.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS				
	Center	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 16,064,718	\$ 2,308,295	\$ 0	\$ 18,373,013
Short-Term Investments	2,559,649	0	0	2,559,649
Receivables, Net	14,147,698	0	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	0	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
Investments for Deferred Compensation Plan	903,696	0	0	903,696
Beneficial Interest in Assets Held by Foundation	57,630,127	0	(57,630,127)	0
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
Deferred Revenue	3,268,216	0	0	3,268,216
Other Accrued Liabilities	689,146	0	0	689,146
Current Portion of Lease Liabilities	196,010	0	0	196,010
Current Portion of Long-Term Liabilities	25,000	0	0	25,000
Total Current Liabilities	11,544,110	431,111	(318,936)	11,656,285
LONG-TERM LIABILITIES				
Note Payable	25,000	0	0	25,000
Grant Notes Payable	10,044,801	0	0	10,044,801
Lease Liabilities	239,408	0	0	239,408
Deferred Compensation Plans Payable	903,696	0	0	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
NET ASSETS				
Without Donor Restrictions	65,429,788	32,686,517	0	98,116,305
With Donor Restrictions	61,451,466	24,943,610	(57,630,127)	28,764,949
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

HELEN ROSS McNABB CENTER, INC.

SCHEDULE I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

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

HELEN ROSS McNABB CENTER, INC.
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Center Total	Foundation Total	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT				
TennCare, Medicare, and Other, Net	\$ 33,631,791	\$ 0	\$ 0	\$ 33,631,791
Direct Federal Assistance	5,339,903	0	0	5,339,903
State of Tennessee	52,666,532	0	0	52,666,532
Local Governments	6,132,598	0	0	6,132,598
Other Grants	1,961,213	0	0	1,961,213
Contributions and Support	212,807	2,751,730	0	2,964,537
United Way	904,466	0	0	904,466
Investment Return, Net	818,513	1,493,733	0	2,312,246
Special Events, Net	0	984,492	0	984,492
Other Income	2,792,190	0	0	2,792,190
Unrealized Gain on Investments	0	5,026,314	0	5,026,314
Helen Ross McNabb Foundation	10,081,071	0	(10,081,071)	0
Total Revenues and Other Support	<u>114,541,084</u>	<u>10,256,269</u>	<u>(10,081,071)</u>	<u>114,716,282</u>
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	<u>98,769,412</u>	<u>2,718,017</u>	<u>(2,542,819)</u>	<u>98,944,610</u>
INCREASE IN NET ASSETS	15,771,672	7,538,252	(7,538,252)	15,771,672
NET ASSETS, BEGINNING OF YEAR	<u>111,109,582</u>	<u>50,091,875</u>	<u>(50,091,875)</u>	<u>111,109,582</u>
NET ASSETS, END OF YEAR	<u>\$ 126,881,254</u>	<u>\$ 57,630,127</u>	<u>\$ (57,630,127)</u>	<u>\$ 126,881,254</u>

HELEN ROSS McNABB CENTER, INC.
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	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	0	3,119,214	0	3,119,214
Helen Ross McNabb Foundation	8,785,323	0	(8,785,323)	0
Total Revenues and Other Support	<u>96,070,953</u>	<u>8,960,525</u>	<u>(8,785,323)</u>	<u>96,246,155</u>
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)	585,153
Total Expenses	<u>84,826,212</u>	<u>1,773,043</u>	<u>(1,597,841)</u>	<u>85,001,414</u>
INCREASE IN NET ASSETS	11,244,741	7,187,482	(7,187,482)	11,244,741
NET ASSETS, BEGINNING OF YEAR	<u>99,864,841</u>	<u>42,904,393</u>	<u>(42,904,393)</u>	<u>99,864,841</u>
NET ASSETS, END OF YEAR	<u>\$ 111,109,582</u>	<u>\$ 50,091,875</u>	<u>\$ (50,091,875)</u>	<u>\$ 111,109,582</u>

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated statement of financial position as of June 30, 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, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
November 21, 2024

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?

_____ Yes

 X No

• Significant deficiency(ies) identified?

_____ Yes

 X None Reported

Noncompliance material to financial statements noted?

_____ Yes

 X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?

_____ Yes

 X 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

 X 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 Yes

_____ No

Section II - Financial Statement Findings

No matters are being reported.

Section III - Federal Award Findings and Questioned Costs

No matters are being reported.

HELEN ROSS McNABB CENTER, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 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
<u>REVENUES</u>				
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%
<u>EXPENSES</u>				
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%