

**THE AIM CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



**CERTIFIED PUBLIC ACCOUNTANTS**

# THE AIM CENTER, INC.

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JUNE 30, 2024 AND 2023

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# THE AIM CENTER, INC.

## ADMINISTRATIVE PERSONNEL AND BOARD OF DIRECTORS

JUNE 30, 2024

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Ms. Anna Protano-Biggs	President and Chief Executive Officer
Ms. Jamie Polk	Director of Operations
Ms. Dawn Oakes	Director of Finance
Ms. Leandra Naylor	Program Director
Ms. Ashley Evans	Chair
Vacant	Immediate Past Chair
Dr. Trae Cotton	Vice Chair
Ms. Michalle Morris	Secretary
Vacant	Treasurer
Mr. Dalton Mook	Director
Ms. Tina Loyd	Director
Ms. Taylor Gautier	Director
Dr. Emily Dunlap	Director
Mr. Jay Armstrong	Director
Ms. Amy Walker Coleman	Director
Ms. Elaine Epstein	Director
Ms. Megan Jenkins	Director
Ms. Annette Moore	Director
Dr. Abeer Ali Mustafa	Director
Mr. Guru Shah	Director



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The AIM Center, Inc.  
Chattanooga, Tennessee

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of The AIM Center, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

#### *Basis for Opinion*

We conducted our audits 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. 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 AIM Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The AIM Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The AIM Center, Inc.'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.

### ***Accompanying and Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Administrative Personnel and Board of Directors and Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Administrative Personnel and Board of Directors and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024, on our consideration of The AIM 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 the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The AIM Center Inc.'s internal control over financial reporting and compliance.

Chattanooga, Tennessee

October 21, 2024

*Henderson Hutcherson  
& McCullough, PLLC*

# THE AIM CENTER, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

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	2024	2023
<b>ASSETS</b>		
Cash, cash equivalents, and restricted cash	\$ 477,988	\$ 560,970
Investments	1,949,291	1,675,869
Grants and contracts receivable, net of allowance	294,615	301,664
Public support receivable	-	50,324
Prepaid expenses	36,749	49,084
Investments in affiliates	89,487	89,487
Accounts receivable from affiliates	15,284	5,867
Property and equipment, net of accumulated depreciation	<u>5,255,601</u>	<u>3,644,707</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,119,015</u></b>	<b><u>\$ 6,377,972</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 70,568	\$ 29,711
Accrued payroll and compensated absences	88,244	122,799
Deferred revenue	<u>-</u>	<u>30,500</u>
Total liabilities	<u>158,812</u>	<u>183,010</u>
<b>NET ASSETS</b>		
Without donor restrictions	6,160,354	6,194,962
With donor restrictions	<u>1,799,849</u>	<u>-</u>
Total net assets	<u>7,960,203</u>	<u>6,194,962</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 8,119,015</u></b>	<b><u>\$ 6,377,972</u></b>

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

# THE AIM CENTER, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

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	2024	2023
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Support and revenue		
Grants and contracts	\$ 2,087,938	\$ 1,606,029
Public support	129,639	117,439
Special events	12,000	8,103
Sales	13,065	9,558
Net investment earnings	307,049	239,504
Other income	138,808	47,752
Net assets released from restrictions	<u>42,714</u>	<u>-</u>
 Total support and revenue	 <u>2,731,213</u>	 <u>2,028,385</u>
<b>EXPENSES</b>		
Program services	2,014,001	1,713,103
General and administrative	743,583	812,906
Fundraising	<u>8,237</u>	<u>5,350</u>
 Total expenses	 <u>2,765,821</u>	 <u>2,531,359</u>
 Change in net assets without donor restrictions	 <u>(34,608)</u>	 <u>(502,974)</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Public support	151,063	-
Contributed non-financial asset of land	1,691,500	-
Net assets released from restrictions	<u>(42,714)</u>	<u>-</u>
 Change in net assets with donor restrictions	 <u>1,799,849</u>	 <u>-</u>
<b>CHANGE IN NET ASSETS</b>	 <u>\$ 1,765,241</u>	 <u>\$ (502,974)</u>

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

# THE AIM CENTER, INC.

## STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2024 AND 2023

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	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>BALANCE - June 30, 2022</b>	\$ 6,697,936	\$ -	\$ 6,697,936
Change in net assets	<u>(502,974)</u>	<u>-</u>	<u>(502,974)</u>
<b>BALANCE - June 30, 2023</b>	6,194,962	-	6,194,962
Change in net assets	<u>(34,608)</u>	<u>1,799,849</u>	<u>1,765,241</u>
<b>BALANCE - June 30, 2024</b>	<u>\$ 6,160,354</u>	<u>\$ 1,799,849</u>	<u>\$ 7,960,203</u>

# THE AIM CENTER, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Service	General and Administrative	Marketing and Fundraising	Total	Program Service	General and Administrative	Marketing and Fundraising	Total
Salaries and related expenses	\$ 1,278,389	\$ 513,452	\$ -	\$ 1,791,841	\$ 1,065,427	\$ 365,548	\$ -	\$ 1,430,975
Professional and contract fees	245,398	41,953	10	287,361	186,882	336,484	-	523,366
Supplies	77,869	4,062	2,810	84,741	65,220	11,898	-	77,118
Communications	20,736	8,755	321	29,812	22,830	5,533	-	28,363
Occupancy	50,466	18,382	-	68,848	46,199	21,894	-	68,093
Equipment lease	2,882	1,192	-	4,074	6,693	2,802	-	9,495
Printing	3,964	1,473	623	6,060	4,669	3,919	-	8,588
Local transportation	14,460	-	-	14,460	11,718	4,845	-	16,563
Conferences and conventions	29,478	9,612	2,346	41,436	33,490	15,213	-	48,703
Special assistance	67,361	-	-	67,361	72,121	417	-	72,538
Dues	-	18,784	-	18,784	14,750	7,073	-	21,823
Marketing and fundraising	-	-	-	-	-	-	5,350	5,350
Insurance	-	39,865	-	39,865	24,252	6,376	-	30,628
Miscellaneous	22,955	30,323	-	53,278	28,012	295	-	28,307
Bad debt expense	67,933	-	-	67,933	-	-	-	-
Depreciation	116,233	31,688	-	147,921	129,744	22,140	-	151,884
Information technology	15,877	24,042	2,127	42,046	1,096	8,469	-	9,565
<b>TOTAL EXPENSE</b>	<b><u>\$ 2,014,001</u></b>	<b><u>\$ 743,583</u></b>	<b><u>\$ 8,237</u></b>	<b><u>\$ 2,765,821</u></b>	<b><u>\$ 1,713,103</u></b>	<b><u>\$ 812,906</u></b>	<b><u>\$ 5,350</u></b>	<b><u>\$ 2,531,359</u></b>

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

# THE AIM CENTER, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

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	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,765,241	\$ (502,974)
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	147,921	151,884
Reinvested investment earnings	(307,049)	(201,143)
Noncash contribution of land	(1,691,500)	-
Change in operating assets:		
Grants and contracts receivable	7,049	(91,885)
Public support receivable	50,324	895
Accounts receivable from affiliates	(9,417)	182,558
Prepaid expenses	12,335	(27,252)
Other assets	-	999
Change in operating liabilities:		
Accounts payable and accrued expenses	40,857	833
Accrued compensated absences	(34,555)	36,616
Deferred revenue	(30,500)	15,500
Net cash from operating activities	<u>(49,294)</u>	<u>(433,969)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(166,373)	(38,362)
Proceeds from sale of investments	200,000	498,452
Purchases of property and equipment	<u>(67,315)</u>	<u>(1,499)</u>
Net cash from investing activities	<u>(33,688)</u>	<u>458,591</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(82,982)	24,622
Cash, cash equivalents, and restricted cash - beginning of the year	<u>560,970</u>	<u>536,348</u>
Cash, cash equivalents, and restricted cash - end of the year	<u>\$ 477,988</u>	<u>\$ 560,970</u>

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

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

The Achievement, Independence and Motivation (AIM) Center, Inc. (the Organization) was created to provide a safe place for individuals who have been diagnosed with a mental illness and have a desire to successfully live with their mental illness. AIM does this by creating purpose in members' lives through the framework of the Clubhouse model. Programs focus on employment, education, housing, health, family life, and community integration to help members obtain skills necessary for successfully managing their mental illness.

The Organization receives a substantial portion of its support from state and local grants and contracts. The Organization's ability to continue providing its services at the current level is dependent upon its success in negotiating the renewals of these and other contracts.

#### **Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) establishes GAAP in the Accounting Standards Codification (ASC). Updates to the ASC are done through the issuance of Accounting Standards Updates (ASU).

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Actual results could vary from the estimates that were used.

(Continued)

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Organization, but which will only be resolved when one or more future events occur or fail to occur. The Organization's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Organization's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

#### Income Taxes

The Organization is organized as a charitable organization and is, therefore, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Property and Equipment

Purchase of property and equipment are recorded on the books at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	7 to 40 years
Furniture and equipment	5 to 7 years
Transportation equipment	5 years

(Continued)

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Contributions**

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

Donated property, investments, and other noncash donations are recorded as contributions at their estimated fair values at the date of donation often times determined by the donor.

#### **Revenue Recognition**

The Organization follows the guidance of FASB ASC Topic 606 (ASC 606), *Revenue from Contracts with Customers*. Under this standard, revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration that the Project expects to receive in exchange for those goods or services. The standard applies a five-step model that includes: (1) identifying the contract(s) with the customer; (2) identifying the performance obligation(s) in the contract(s); (3) determining the transaction price; (4) allocating the transaction price to the performance obligation(s) in the contract(s); and (5) recognizing revenue as the performance obligation(s) are satisfied. The standard also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization does not include the cost of obtaining contracts within the related revenue streams; they are expensed when incurred.

Management has evaluated established business processes, revenue transaction streams, and accounting policies, and has identified material revenue streams to be: (1) grants and contracts including fees for member services, (2) revenues from special events; (3) public support and contributions; and (4) investment earnings.

The Organization recognizes revenues on cost reimbursement grants as qualifying expenses are incurred. The Organization records revenues on fee for service grants at the time the service is rendered to the member. Federal and state funds received in advance are recorded as deferred revenue on the Organization's statements of financial position. Fees for member services are reported based upon established billing rates less allowances for contractual adjustments and bad debts. Payment of these fees is the responsibility of members, third-party payors, and others. The Organization has agreements with third-party payors that provide for payments at amounts that may be different from its established rates.

Revenues from special events are recognized at the point in time when the associated event occurs.

Certain grants, public support, contributions, and investment earnings are excluded from the scope of ASC 606. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and nature of any donor restrictions.

(Continued)

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

#### Contributed Services

During the years ended June 30, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

#### Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Organization has \$477,988 and \$560,970 in cash, cash equivalents, and restricted cash as reflected on the statements of cash flows as of June 30, 2024 and 2023, respectively. Cash, cash equivalents, and restricted cash at June 30, 2024 and 2023, consisted of:

	2024	2023
Cash	\$ 132,740	\$ 307,698
Restricted cash	108,349	-
Investments in cash management funds	<u>236,899</u>	<u>253,272</u>
	<u>\$ 477,988</u>	<u>\$ 560,970</u>

#### Allowance for Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (ASC 326), which significantly changed how entities measured credit losses for most financial assets and certain other instruments that were not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 were grants and contracts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements.

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 2 – GRANTS AND CONTRACTS

Grants and contracts receivable and revenue are comprised of the following:

Agency	2024		2023	
	Receivable	Revenue	Receivable	Revenue
Department of Human Services Division of Vocational Rehab	\$ -	\$ 31,932	\$ -	\$ 19,865
Department of Mental Health & Substance Abuse Services	173,346	1,028,109	191,215	871,663
Behavioral Health Organizations	78,014	650,808	135,449	562,725
City of Chattanooga	68,255	365,750	-	110,000
Other	<u>-</u>	<u>11,339</u>	<u>-</u>	<u>41,776</u>
	319,615	2,087,938	326,664	1,606,029
Allowance for credit losses	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
	<u>\$ 294,615</u>	<u>\$2,087,938</u>	<u>\$ 301,664</u>	<u>\$1,606,029</u>

### NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820, which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. FASB ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

*Level 1* – Quoted prices are available in active markets for identical assets or liabilities as of June 30. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

*Level 2* – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of June 30. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

*Level 3* – Securities that have little to no pricing observability as of June 30. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

(Continued)

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

The Organization's investments are reported at fair value in the accompanying statement of financial position.

A summary of the inputs used to value the Organization's investments as of June 30, 2024 and 2023, is as follows:

		Fair Value Measurements At Reporting Date Using:	
	Fair Value	(Level 1)	(Level 2)
<b>June 30, 2024</b>			
Common stock	\$ 1,000,944	\$ 1,000,944	\$ -
Mutual funds	201,460	201,460	-
Exchange traded funds	498,690	498,690	-
Government bonds	11,719	-	11,719
Corporate bonds	236,478	-	236,478
	<u>\$ 1,949,291</u>	<u>\$ 1,701,094</u>	<u>\$ 248,197</u>
<b>June 30, 2023</b>			
Common stock	\$ 1,246,302	\$ 1,246,302	\$ -
Mutual funds	181,971	181,971	-
Government bonds	197,938	-	197,938
Corporate bonds	49,658	-	49,658
	<u>\$ 1,675,869</u>	<u>\$ 1,428,273</u>	<u>\$ 247,596</u>

The investments in government bonds and corporate bonds are valued based on transaction prices for similar bond instruments based on investment rating, interest rate, and duration to maturity.

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 4 – INVESTMENTS

Investments are summarized as follows as of June 30, 2024:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common stock	\$ 301,762	\$ 1,000,944	\$ 699,182
Mutual funds	200,000	201,460	1,460
Exchange traded funds	411,278	498,690	87,412
Government bonds	11,593	11,719	126
Corporate bonds	<u>247,611</u>	<u>236,478</u>	<u>(11,133)</u>
	<u>\$ 1,172,244</u>	<u>\$ 1,949,291</u>	<u>\$ 777,047</u>

Investments are summarized as follows as of June 30, 2023:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common stock	\$ 500,425	\$ 1,246,302	\$ 745,877
Mutual funds	197,584	181,971	(15,613)
Government bonds	198,340	197,938	(402)
Corporate bonds	<u>50,031</u>	<u>49,658</u>	<u>(373)</u>
	<u>\$ 946,380</u>	<u>\$ 1,675,869</u>	<u>\$ 729,489</u>

Investment return is summarized as follows:

	2024	2023
Interest and dividend income	\$ 48,459	\$ 38,361
Unrealized and realized gain	<u>258,590</u>	<u>201,143</u>
Total investment income	<u>\$ 307,049</u>	<u>\$ 239,504</u>

### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2024	2023
Land	\$ 2,281,500	\$ 590,000
Buildings	4,692,626	4,692,626
Furniture and equipment	594,241	559,760
Transportation equipment	<u>167,227</u>	<u>134,393</u>
	7,735,594	5,976,779
Accumulated depreciation	<u>(2,479,993)</u>	<u>(2,332,072)</u>
	<u>\$ 5,255,601</u>	<u>\$ 3,644,707</u>

(Continued)

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 5 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was \$147,921 and \$151,884 for the years ending June 30, 2024 and 2023, respectively. Property and equipment acquired by the Organization with grant funds are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant funds as well as the right to determine the use of any proceeds from the sale of these assets.

### NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### NOTE 7 – TRANSACTIONS WITH AFFILIATES

The Organization is the sponsor of several housing developments, which provide low-income housing to its clients. The Organization has advanced cash to these entities to fund initial development costs.

The funds advanced as of June 30, 2024 and 2023, are as follows:

	2024	2023
Woodhaven, Inc.	\$ 406	\$ 2,782
Woodlawn Apartments, Inc.	2,247	695
A.I.M. Housing, Inc.	7,017	2,120
Oxford Place, Inc.	<u>5,614</u>	<u>270</u>
	<u>\$ 15,284</u>	<u>\$ 5,867</u>

The Organization has also invested capital in three of the housing developments as required by the housing developments' Capital Advance Regulatory Agreements with the U.S. Department of Housing and Urban Development. The funds invested as of June 30, 2024 and 2023, are as follows:

	2024	2023
Woodhaven, Inc.	\$ 21,904	\$ 21,904
Woodlawn Apartments, Inc.	4,059	4,059
Oxford Place, Inc.	<u>63,524</u>	<u>63,524</u>
	<u>\$ 89,487</u>	<u>\$ 89,487</u>

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 8 – COMPENSATED ABSENCES

The Organization provides personal time off (PTO) which combines vacation and sick leave benefits for its employees. The benefits-eligible, full-time employees working a minimum of 30 hours or more per week earn PTO every biweekly pay period and starts accruing on the first day of employment. PTO accruals are available for use in the pay period following completion of 30 days of employment. In addition to PTO, the Organization provides employees with an extended illness bank (EIB) to be used in extended illnesses of more than three days. In order to be eligible to utilize the EIB, employees must maintain a balance of three days of PTO. The benefits accrue up to certain maximum allowances based on years of service. 100% of the accrued PTO, up to a maximum of 20 days/150 hours, is payable to employees upon termination with a 30-day notice of resignation. The Organization accrues a liability for these benefits based on the amounts which are payable upon termination.

### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions restricted by the donor for specific purposes or with time restrictions. Such contributions are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions have been satisfied. Net assets with donor restrictions are available to be used for the following purposes:

	2024	2023
Contributed non-financial assets for Espero	\$ 1,691,500	\$ -
Contributed financial assets for Espero	65,486	-
Computer and technology needs	13,998	-
Restricted by time	16,500	-
Other	12,365	-
	<u>\$ 1,799,849</u>	<u>\$ -</u>

### NOTE 10 – OPERATING LEASE

The Organization leases some office equipment under operating lease arrangements on a month-to-month basis. The lease payments range from \$115-\$138 per month. Rental expense for these leases not bound by long term commitments for the years ended June 30, 2024 and 2023, was \$4,074 and \$9,495, respectively

### NOTE 11 – CONCENTRATION OF CREDIT RISK

The Organization has funds on deposit in banks, which may be in excess of federal deposit insurance. The balance on deposit is subject to significant fluctuations throughout the year. As of June 30, 2024 and 2023, management does not believe they are at risk relative to uninsured funds.

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 12 – UNCERTAIN TAX POSITIONS

The Organization is considered an exempt organization from federal and state income taxes. However, in the event that the Organization partakes in an activity that could jeopardize this tax-exempt status, the Organization would be subject to income tax.

The Organization follows the guidance of ASC Topic 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements.

Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Organization's evaluation was performed for tax years ended June 30, 2021 through June 30, 2024, for federal income tax, the years that remain subject to examination by major tax jurisdictions as of June 30, 2024.

### NOTE 13 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

	2024	2023
Financial assets at year-end:		
Cash, cash equivalents and restricted cash	\$ 477,988	\$ 560,970
Receivables	309,899	357,855
Investments	<u>1,949,291</u>	<u>1,675,869</u>
Total financial assets	2,737,178	2,594,694
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,799,849	-
Less net assets with purpose restrictions to be met in less than a year	<u>(1,799,849)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,737,178</u>	<u>\$ 2,594,694</u>

The Organization is substantially supported by contracts with healthcare providers as well as federal and state grants. The majority of income received is used to fund ongoing operations, while public support is used to fund special projects.

As part of the Organization's cash management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has approximately seven months of its estimated general, administrative, marketing, and fundraising expenditures in cash, cash equivalents, and restricted cash.

# THE AIM CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to June 30, 2024 through October 21, 2024 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Subsequent to yearend, the Organization signed an operating agreement to be a member for a disregarded entity with the purposes of providing additional housing for individuals who have been diagnosed with a mental illness.

With the exception of the matter discussed above, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

## **SUPPLEMENTARY INFORMATION**

## THE AIM CENTER, INC.

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2024

Federal or State Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Beginning (Accrued) Deferred Amount	Amount Passed-through to Subrecipients	Expenditures	Ending (Accrued) Deferred Amount
<b>FEDERAL AWARDS</b>						
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Supported Employment Expansion	84.126	76696	\$ 18,952	\$ 217,389	\$ 221,517	\$ 23,080
COVID Relief, Mental Health Block Grant Supplemental Funding - 3/1/2023 to 6/30/2025	93.958	77421	<u>5,902</u>	<u>98,637</u>	<u>102,791</u>	<u>10,056</u>
Total federal awards			<u>24,854</u>	<u>316,026</u>	<u>324,308</u>	<u>33,136</u>
<b>STATE FINANCIAL ASSISTANCE</b>						
Tennessee Department of Mental Health		<u>Contract Number</u>				
Community Supportive Housing	N/A	74138	108,335	325,886	306,758	89,207
Community Targeted Transitional Support	N/A	78082	27,858	95,145	92,268	24,981
Consumer Housing Specialists	N/A	66231	6,027	85,233	79,206	-
Supported Employment State	N/A	74476	17,391	134,803	135,867	18,455
Regional Housing Facilitator	N/A	70222	<u>6,750</u>	<u>90,135</u>	<u>90,952</u>	<u>7,567</u>
Total state financial assistance			<u>166,361</u>	<u>731,202</u>	<u>705,051</u>	<u>140,210</u>
<b>TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE</b>			<u>\$ 191,215</u>	<u>\$ 1,047,228</u>	<u>\$ 1,029,359</u>	<u>\$ 173,346</u>

#### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The AIM Center, Inc., and is presented on the accrual basis of accounting.

**THE AIM CENTER, INC.**

**SCHEDULE OF THE DISPOSITION OF PRIOR YEAR FINDINGS**

**YEAR ENDED JUNE 30, 2024**

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**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None reported.



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

To the Board of Directors  
The AIM Center, Inc.  
Chattanooga, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The AIM Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 21, 2024.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 The AIM 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee  
October 21, 2024

*Henderson Hutcherson  
& McCullough, PLLC*