

THE JOURNEY HOME

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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**The Journey Home
BOARD OF DIRECTORS
December 31, 2024**

Board of Directors

| | |
|-----------------------|-----------------------------|
| Bill Reid | Chair |
| Leslee Dodd Karl | Vice Chair |
| Leslie Akins | Secretary |
| Roseann Barton | Treasurer |
| Phil Barnett | Development Committee Chair |
| Billy Truesdell | Housing Committee Chair |
| Chuck Phillips | Operations Committee Chair |
| Kristine Blaess | Member |
| Gloria Bonner | Member |
| Lisbeth Couser | Member |
| Mike Dugan | Member |
| Brittany Dye | Member |
| Russ Galloway | Member |
| Jim Gortmaker | Member |
| Kedrick Howse | Member |
| Jeff James | Member |
| James Little | Member |
| Jim Martin | Member |
| Freda Morgan | Member |
| Lee Moss | Member |
| Claire Tuma | Member |
| Mary Catherine Sevier | Member |
| Lynn Watson | Member |

Management

| | |
|--------------|--------------------|
| Scott Foster | Executive Director |
|--------------|--------------------|

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Journey Home

Opinion

We have audited the accompanying financial statements of The Journey Home (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Journey Home as of December 31, 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 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 Journey Home 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 Journey Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Journey Home'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 Journey Home'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 audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024 on our consideration of the The Journey Home'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 The Journey Home'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 The Journey Home's internal control over financial reporting and compliance.

Dempsey Vantrease & Follis PLLC
Murfreesboro, Tennessee

May 9, 2025

The Journey Home
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

Assets

| | 2024 | 2023 |
|---|--------------|--------------|
| Current Assets: | | |
| Cash | \$ 392,785 | \$ 131,972 |
| Restricted cash | 4,249,452 | 1,883,493 |
| Supportive housing receivable | 30,859 | 44,238 |
| Grants receivable: | | |
| Government | 91,552 | 103,322 |
| Private | - | 146,964 |
| Unconditional promises to give, net | 196,363 | 883,016 |
| Inventory | 30,444 | 30,444 |
| Total Current Assets | 4,991,455 | 3,223,449 |
| Property and Equipment, net | 1,153,433 | 1,185,158 |
| Construction in progress | 1,516,564 | 102,393 |
| Asset not placed in service | - | 21,458 |
| Operating lease right-of-use asset, net | 25,358 | 48,606 |
| Long-term unconditional promises to give, net | 273,077 | 1,395,827 |
| Total Assets | \$ 7,959,887 | \$ 5,976,891 |

Liabilities and Net Assets

| | | |
|---------------------------------------|--------------|--------------|
| Current Liabilities: | | |
| Current portion of long-term debt | \$ 14,151 | \$ 13,703 |
| Accounts payable | 10,739 | 8,813 |
| Construction payable | 505,626 | - |
| Credit card payable | 3,621 | 6,048 |
| Payroll related liabilities | 29,401 | 21,263 |
| Refundable deposits | 25,025 | 21,721 |
| Current operating lease liability | 21,290 | 24,960 |
| Total Current Liabilities | 609,853 | 96,508 |
| Long-term operating lease liability | 4,068 | 23,646 |
| Long-term debt | 63,819 | 77,414 |
| Total Liabilities | 677,740 | 197,568 |
| Net Assets: | | |
| Net Assets without donor restrictions | 2,493,181 | 1,592,116 |
| Net Assets with donor restrictions | 4,788,966 | 4,187,207 |
| Total Net Assets | 7,282,147 | 5,779,323 |
| Total Liabilities and Net Assets | \$ 7,959,887 | \$ 5,976,891 |

See accompanying notes to the financial statements.

The Journey Home
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2024 and 2023

| | <u>Without Donor restriction</u> | <u>With Donor restriction</u> | <u>December 31, 2024 Total</u> | <u>December 31, 2023 Total</u> |
|--|--|---------------------------------------|--|--|
| Support and Revenue: | | | | |
| Public Support: | | | | |
| Contributions | \$ 506,355 | \$ 1,382,758 | \$ 1,889,113 | \$ 3,612,794 |
| Government grants | 940,638 | - | 940,638 | 562,319 |
| Private grants | 109,145 | - | 109,145 | 111,893 |
| Donated goods and services | 321,293 | - | 321,293 | 243,578 |
| Program Revenue: | | | | |
| Supportive housing | 195,170 | - | 195,170 | 205,575 |
| Special events | 157,151 | - | 157,151 | 59,902 |
| Interest income | 125,989 | - | 125,989 | 17,569 |
| Other revenue | 10,562 | - | 10,562 | 9,409 |
| TOTAL SUPPORT AND REVENUE | 2,366,303 | 1,382,758 | 3,749,061 | 4,823,039 |
| Net assets released from restrictions | 780,999 | (780,999) | - | - |
| TOTAL SUPPORT AND REVENUE | 3,147,302 | 601,759 | 3,749,061 | 4,823,039 |
| Expenses: | | | | |
| Program Services: | | | | |
| Hunger Program | 152,246 | - | 152,246 | 233,570 |
| Supportive Housing Program | 506,167 | - | 506,167 | 519,166 |
| Marketplace Housing Program | 919,694 | - | 919,694 | 390,595 |
| Emergency Shelter Program | 95,721 | - | 95,721 | 155,135 |
| Clothing and Hygiene Program | 126,131 | - | 126,131 | 67,326 |
| Client Services | 138,147 | - | 138,147 | 75,041 |
| Total Program Services | 1,938,106 | - | 1,938,106 | 1,440,833 |
| Supporting Services: | | | | |
| Administrative | 73,992 | - | 73,992 | 96,733 |
| Fundraising | 234,139 | - | 234,139 | 125,205 |
| TOTAL EXPENSES | 2,246,237 | - | 2,246,237 | 1,662,771 |
| CHANGE IN NET ASSETS | 901,065 | 601,759 | 1,502,824 | 3,160,268 |
| NET ASSETS AT BEGINNING OF YEAR | 1,592,116 | 4,187,207 | 5,779,323 | 2,619,055 |
| NET ASSETS AT END OF YEAR | \$ 2,493,181 | \$ 4,788,966 | \$ 7,282,147 | \$ 5,779,323 |

See accompanying notes to the financial statements.

The Journey Home
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

| | Program Services | | | | | Supporting Expenses | | December 31, | December 31, | |
|------------------------|-------------------|--------------------|-----------------------|-------------------|------------------------------|---------------------|------------------|-------------------|---------------------|---------------------|
| | Hunger Program | Supportive Housing | Marketplace Rehousing | Emergency Shelter | Clothing and Hygiene Program | Client Services | Administrative | Fundraising | Total 2024 | Total 2023 |
| Rental assistance | \$ - | \$ 229,407.00 | \$ 469,454.00 | \$ 16,283.00 | \$ - | \$ 7,934.00 | \$ - | \$ - | \$ 723,078 | \$ 431,555 |
| Computer | - | - | - | - | - | - | 258 | - | 258 | 559 |
| Copying | - | - | - | - | - | - | 2,806 | - | 2,806 | 2,460 |
| Depreciation | 1,235 | 55,585 | 1,235 | 1,235 | 1,235 | 1,235 | - | - | 61,760 | 56,795 |
| Marketing | - | - | - | - | - | - | - | 23,887 | 23,887 | 11,746 |
| Insurance | - | 19,442 | - | - | - | - | - | - | 19,442 | 15,892 |
| Miscellaneous | - | - | - | - | - | - | 5,992 | - | 5,992 | - |
| Postage | - | - | - | - | - | - | 958 | 958 | 1,916 | - |
| Special events | - | - | - | - | - | - | - | 22,870 | 22,870 | 16,530 |
| Professional | - | - | - | - | - | - | 11,333 | - | 11,333 | 8,745 |
| Property taxes | - | 12,734 | - | - | - | - | - | - | 12,734 | 12,749 |
| Rent and utilities | 28,179 | 2,787 | 2,631 | 2,631 | 9,754 | 9,754 | - | - | 55,736 | 51,788 |
| Repair and maintenance | 8,493 | 849 | 849 | 849 | 2,972 | 2,972 | - | - | 16,984 | 25,960 |
| Salaries | 72,824 | 64,843 | 226,796 | 47,743 | 72,572 | 72,572 | 28,737 | 127,752 | 713,839 | 596,946 |
| Payroll taxes | 6,052 | 5,389 | 18,848 | 3,968 | 6,031 | 6,031 | 2,388 | 10,617 | 59,324 | 46,103 |
| Employee benefits | 4,842 | 4,312 | 15,081 | 3,175 | 4,826 | 4,826 | 1,911 | 8,495 | 47,468 | 19,529 |
| Donated supplies | 27,592 | 63,047 | 181,771 | 16,808 | 25,712 | 26,078 | 15,026 | 36,531 | 392,565 | 314,921 |
| Office supplies | 1,914 | 1,914 | 1,914 | 1,914 | 1,914 | 1,914 | 1,916 | 1,914 | 15,314 | 9,470 |
| Telephone | 1,115 | 1,115 | 1,115 | 1,115 | 1,115 | 1,115 | 1,112 | 1,115 | 8,917 | 8,444 |
| Travel | - | - | - | - | - | 3,716 | - | - | 3,716 | 7,692 |
| Interest | - | - | - | - | - | - | 1,555 | - | 1,555 | 1,555 |
| Bad debt | - | 44,743 | - | - | - | - | - | - | 44,743 | 23,332 |
| TOTAL EXPENSES | \$ 152,246 | \$ 506,167 | \$ 919,694 | \$ 95,721 | \$ 126,131 | \$ 138,147 | \$ 73,992 | \$ 234,139 | \$ 2,246,237 | \$ 1,662,771 |

See accompanying notes to the financial statements.

The Journey Home
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Reconciliation of increase in net assets to net cash provided by operating activities: | | |
| Increase in net assets | \$ 1,502,824 | \$ 3,160,268 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 61,760 | 56,795 |
| Less contributions restricted for long term purposes | (1,382,758) | (3,079,616) |
| Amortization of discount - unconditional promises to give | 49,989 | 71,234 |
| Bad debt expense | 44,743 | 23,332 |
| Changes in assets and liabilities: | | |
| Increase in supportive housing receivable | (31,364) | (32,177) |
| Decrease (increase) in grant receivable | 158,734 | (141,763) |
| Increase in inventory | - | 29,059 |
| (Decrease) Increase in accounts payable | 1,926 | (1,776) |
| Decrease in credit card payable | (2,427) | (2,406) |
| (Decrease) increase in payroll related liabilities | 8,138 | (13,778) |
| (Decrease) increase in refundable deposits | 3,304 | (11,061) |
| Net cash provided by operating activities | 414,869 | 58,111 |
| Cash flows from investing activities: | | |
| Additions of property and equipment | (917,122) | (93,904) |
| Cash flows from financing activities: | | |
| Proceeds from contributions restricted for capital projects | 3,142,172 | 1,482,491 |
| Payments on long-term debt | (13,147) | (13,147) |
| Net cash provided by financing activities | 3,129,025 | 1,469,344 |
| Net increase in cash | 2,626,772 | 1,433,551 |
| Cash, beginning of year | 2,015,465 | 581,914 |
| Cash, end of year | \$ 4,642,237 | \$ 2,015,465 |
| Statement of Financial Position presentation: | | |
| Cash | \$ 392,785 | \$ 131,972 |
| Restricted cash | 4,249,452 | 1,883,493 |
| Total cash at end of year | \$ 4,642,237 | \$ 2,015,465 |
| Supplemental cash flow information: | | |
| Noncash - Exchange of operating lease right-of-use assets for operating lease liabilities | \$ - | \$ 69,896 |

See accompanying notes to the financial statements.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Journey Home (the “Organization”), a tax-exempt organization under Internal Revenue Code 501(c)(3), a Christian ministry whose primary focus is to serve the homeless and disadvantaged of Rutherford County - providing practical resources for body, mind and spirit, and encouragement on their journey to economic stability and reintegration into community life.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Financial statement presentation follows the recommendations of generally accepted accounting principles. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

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

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Supportive Housing Receivable

Supportive housing receivable are stated at the amount that management expects to collect on outstanding balances. The carrying amount of supportive housing is reduced by a valuation allowance, if necessary, which reflects the Organization’s best estimate of the amounts that will not be collected. The allowance is estimated based on the Organization’s historical loss experience, and existing economic conditions. Once management determines a balance cannot be collected, it is written off through a charge to the allowance for credit losses. As of December 31, 2024, management determined no allowance for credit losses was necessary.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, based on prior years’ experience and management’s analysis of specific promises made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in public support and revenues. Conditional promises to give are not included as support until such time as the conditions are substantially met. The Organization utilizes historical data as well as management’s opinion of current economic conditions to estimate the allowance for uncollectible promises to give. As of December 31, 2024, management determined no allowance for uncollectible promises to give was necessary.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory includes donated food, clothing, and various household supplies. Donated food received from food drives, food companies, and grocery stores are valued at \$1.97 per pound. This estimated average market value is based on a study commissioned by Feeding America in 2024. Food distributions are recognized as program services expense when distributed.

Property and Equipment

Property and equipment are recorded at cost or fair value at the date of purchase or fair value at the date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of \$500 or more and an estimated useful life of five to twenty-seven years. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Betterments which materially add to the value of the related assets and materially extend the useful life of the assets are capitalized. Normal replacements and minor equipment purchases are included as expenses of the operating unrestricted net assets. When property and equipment is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in net assets without donor restrictions.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the FASB in Accounting Standards Codification 958-605, *Accounting for Contributions Received and Contributions Made*. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of public support are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as net assets without donor restrictions.

Program revenue received is not recognized as revenues until the revenue is earned, which is at the time the services are provided.

The Organization receives grants from governmental and private agencies. Typically, these are cost-reimbursement grants for a particular project and are accounted as conditional contributions. The Organization recognizes revenues on these grants as the funds are spent. Any unused funds are forfeited and if any expenditures are disallowed, the Organization would be required to refund amounts received.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. The Organization generally pays for services requiring specialized skills. Volunteers provide their time to perform a variety of tasks that assist the Organization that are not recognized as contributions in the accompanying financial statements due to the recognition criteria not being met.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service as an other than private foundation. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of December 31, 2024, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization’s policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization files a U.S. Federal information tax return.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In general, most expenses can easily be identified and charged to a specific program.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Some expenses such as depreciation, insurance, utilities, etc. are allocated on a reasonable basis that is consistently applied usually based upon square footage. Salaries are allocated based upon periodic time studies.

Advertising

The costs of advertising are expensed as incurred.

Use of Estimates

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

NOTE B – SUPPORTIVE HOUSING RECEIVABLE

The changes in supportive housing receivable during the years ended December 31, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|--|-----------|-----------|
| Supportive housing receivable, beginning of year | \$ 44,238 | \$ 35,393 |
| Supportive housing revenue | 195,170 | 205,575 |
| Collections | (208,549) | (196,730) |
| Supportive housing receivable, end of year | \$ 30,859 | \$ 44,238 |

As of December 31, 2024, no significant supportive housing receivable balances were considered past due.

NOTE C – UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give are the following as of December 31, 2024 and 2023:

| | 2024 | 2023 |
|-------------------------|------------|--------------|
| Capital Pledge Campaign | \$ 469,440 | \$ 2,278,843 |

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE C – UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

The unconditional promises to give have been discounted using a rate of 4.50% over the pledge period.

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|-------------------|------------------|
| One to five years | \$ 519,429 | \$ 2,350,077 |
| Less discounts to net present value | (49,989) | (71,234) |
| Net contributions | <u>\$ 469,440</u> | <u>2,278,843</u> |

NOTE D – DONATED GOODS AND SERVICES

Donated goods and services for the years ended December 31, 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|----------------------|-------------------|-------------------|
| Produce | \$ - | \$ 4,200 |
| Pantry and Meals | 311,996 | 186,508 |
| Facilities | - | 8,200 |
| Clothing and Hygiene | 9,093 | 8,900 |
| Housing | 204 | 12,400 |
| Vehicle | - | 21,458 |
| Software | - | 1,912 |
| | <u>\$ 321,293</u> | <u>\$ 243,578</u> |

NOTE E – PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023 property and equipment are summarized as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|---------------------|---------------------|
| Land | \$ 423,226 | \$ 423,226 |
| Buildings and improvements | 1,149,943 | 1,141,366 |
| Equipment | 123,909 | 102,451 |
| Total land, buildings, and equipment | <u>1,697,078</u> | <u>1,667,043</u> |
| Less accumulated depreciation | <u>543,645</u> | <u>481,885</u> |
| Net land, buildings, and equipment | <u>\$ 1,153,433</u> | <u>\$ 1,185,158</u> |

Depreciation expense amounted to \$61,760 and \$56,794 for the years ended December 31, 2024 and 2023; respectively.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE F – LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2024 and 2023:

| | 2024 | 2023 |
|--|-----------|-----------|
| Note payable with a bank in the original amount of \$60,000 with monthly principal and interest payments of \$526 at 3.5% maturing September 2028, secured by certain real estate. | \$ 24,482 | \$ 29,597 |
| Note payable with a bank in the original amount of \$83,900 with monthly principal and interest payments of \$699 at 3.5% maturing August 2033, secured by certain real estate. | 53,488 | 61,520 |
| Total long-term debt including current portion | 77,970 | 91,117 |
| Less: current portion | (14,151) | (13,703) |
| Long term debt, net of current portion | \$ 63,819 | \$ 77,414 |

Aggregate maturities of long-term debt as of December 31, 2024 are as follows:

| Year ended December 31, | | |
|-------------------------|----|--------|
| 2025 | \$ | 14,151 |
| 2026 | | 14,616 |
| 2027 | | 15,101 |
| 2028 | | 15,511 |
| 2029 | | 9,774 |
| Thereafter | | 8,817 |
| | \$ | 77,970 |

NOTE G – OPERATING LEASES

The Organization utilizes commercial space under an operating lease. The weighted average remaining lease term and the weighted average discount rate for the operating lease as of December 31, 2024 is 12 months and 4.5%, respectively. The operating lease is capitalized as a right-of-use asset on the balance sheet as of December 31, 2024 in the amount of \$25,358 which is recorded net of amortization of \$44,538.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE G – OPERATING LEASES (CONTINUED)

The future minimum payments under these leases for the next five years and in the aggregate is as follows:

| | | | | | |
|-----------------------------|-------------|----|--------|--------|--|
| | Year ending | | | | |
| | 2025 | \$ | 25,980 | 25,980 | |
| | | | | (622) | |
| Less effects of discounting | | \$ | 25,358 | | |

The Organization also leases residential and office space in Murfreesboro, Tennessee under a month-to-month operating lease. The lease requires monthly lease payments of approximately \$1,200. Total lease expense for the years ended December 31, 2024 and 2023 was \$24,960 and \$27,900.

It is the Company’s policy not to present short-term leasing activities with month-to-month agreements or agreements maturing in 12 months or less on the balance sheet.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that direct the use of the donation as specified and are satisfied either by the passage of time (time restrictions) or by fulfilling the donor-imposed purpose (purpose restriction). Net assets with donor restrictions that exist at December 31, 2024 are \$4,718,890 and are primarily related to the capital campaign to build a new facility.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is supported by both restricted and unrestricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial resources may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Journey Home
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following reflects the Organization’s financial assets and liquidity as of the statement of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position dates:

| | 2024 | 2023 |
|---|--------------|-------------|
| Financial Assets available within one year | | |
| Cash | \$ 4,642,237 | 2,015,465 |
| Supportive Housing Receivable, net | 30,859 | 44,238 |
| Grants Receivable | 91,552 | 250,286 |
| Unconditional promises to give, net | 196,363 | 883,016 |
| Total Financial Assets | 4,961,011 | 3,193,005 |
| Less those unavailable for general expenditures within one year due to donor imposed restrictions | | |
| Restricted Cash | (4,249,452) | (1,883,493) |
| Unconditional promises to give, net | (196,363) | (883,016) |
| | (4,445,815) | (2,766,509) |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 515,196 | \$ 426,496 |

NOTE J - CONCENTRATION OF CREDIT RISK

The Company typically maintains deposits at financial institutions in excess of Federal Deposit Insurance Corporation (“FDIC”) insured limits. The Organization has an insured cash sweep account with a financial institution to sweep funds in excess of a predetermined amount into other network banks ensuring that all balances are at or below the FDIC limits.

NOTE K – LINES OF CREDIT

The Organization has two lines of credit with financial institutions totaling \$3,100,000. One line of credit in the amount of \$100,000 matures February 2026 and has a variable interest rate based on the bank’s base rate. The interest rate is 8.5% as of December 31, 2024. One line of credit in the amount of \$3,000,000 is a construction loan for the new facility that matures September 2027 and has a fixed interest rate of 4.5%. No amounts have been withdrawn on the lines of credit as of December 31, 2024.

NOTE L – SUBSEQUENT EVENTS

As of the date of the financial statements, no events or transactions have transpired that would have a material effect on the balances reported herein as of December 31, 2024 or that would significantly impact the Organization’s ongoing operations.

The Journey Home
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

| <u>Federal Agency</u> | <u>Program or Cluster Name</u> | <u>Assistance Listing Number</u> | <u>Pass-through Grant Number</u> | <u>Expenditures</u> |
|--|---|----------------------------------|----------------------------------|--------------------------|
| U.S. Department of Housing and Urban Passed-through Tennessee Housing Development Agency | Emergency Solutions Grants Program | 14.231 | N/A | \$ 81,939 |
| U.S. Department of Housing and Urban Passed-through Tennessee Housing Development Agency | HOME Investment Partnerships Program | 14.239 | M21-P470100 | 410,294 |
| U.S. Department of Housing and Urban Passed-through Tennessee Housing Development Agency | Continuum Of Care Program | 14.267 | TN0106L4J102212 | 8,554 |
| | Continuum Of Care Program | 14.267 | TN0106L4J102313 | 3,375 |
| | Continuum Of Care Program | 14.267 | TN0197L4J102210 | 55,479 |
| | Continuum Of Care Program | 14.267 | TN0197L4J102311 | <u>56,551</u> |
| | | | | <u>123,959</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>\$ 616,192</u> |
| U.S. Department of the Treasury Passed-through Tennessee Housing Development Agency | COVID-19: Emergency Rental Assistance Program 2 | 21.023 | N/A | <u>335,792</u> |
| Total Federal Awards | | | | <u><u>\$ 951,984</u></u> |

See independent auditors' report.

The Journey Home
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended December 31, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of The Journey Home under programs of the federal government for the year ended December 31, 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 The Journey Home, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Journey Home.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE C - INDIRECT COST RATE

The Journey Home has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the Board of Directors of The Journey Home
Murfreesboro, 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 financial statements of The Journey Home (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee
May 9, 2025

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

To the Board of Directors of The Journey Home
Murfreesboro, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Journey Home (the "Organization") 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 the Organization's major federal programs for the year ended June 30, 2024. The Organization'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, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Organization 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 the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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 generally accepted auditing standards, *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 the Organization's compliance with the requirements of each major federal program as a whole.

Auditors' Responsibilities for the Audit of Compliance (Continued)

In performing an audit in accordance with generally accepted auditing standards, *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 the Organization'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 the Organization'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 the Organization'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.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee

May 9, 2025

The Journey Home
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended December 31, 2024

Section I - Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X_no
- Significant deficiencies identified that are not considered to be material weaknesses? ___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 deficiencies identified that are not considered to be material weakness(es)? ___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 2 CFR 200.516(a)? ___yes X_no

Identification of major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 14.239 | HOME Investment Partnerships Program |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? ___yes X_no

The Journey Home
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended June 30, 2024

Section II-Financial Statement Findings

No matters were reported.

Section III-Federal Award Findings and Questioned Costs

No matters were reported.

THE JOURNEY HOME
SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2024

There were no prior findings reported.