

2019

Financial Statements

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Independent Auditor's Report Thereon)

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
ROSTER OF BOARD OF DIRECTORS
DECEMBER 31, 2019

Hunter West	Chairman
Ward Wilson	Director
Farzin Ferdowsi	Director
Jerry Geraghty	Treasurer
Sherri Neal	Director
Lee Schaefer	Director
RJ Stillwell	Director
Jensen Sessums	Director
Mark Traylor	Director
Will Alexander	Director
Matt Becker	Director
Brian Bialek	Director
Warren Brent, Jr.	Director
Eric Bymaster	Director
Charles Cardwell	Director
Amanda Farnsworth	Director
Anne Keeble Frazer	Director
Tony Grande	Director
Andrea Hart	Director
Don Holmes	Director
Chip Howarth	Director
James Hundley	Director
Cortney Levin	Director
Ryan Madar	Director
CJ Manning	Director
Whit McCrary IV	Director
Rebecca Ozols	Director
Katie Payne	Director
Brian Shipp	Director
Steve Tjugum	Director
Jack Wallace	Director
Kenneth Webb	Director
Stephen Wilson	Director
Tim Wilson	Director



PATTERSON, HARDEE & BALLENTINE, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Middle Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Middle Tennessee (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Middle Tennessee as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Other 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2020, on our consideration of Boys & Girls Clubs of Middle Tennessee'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 Boys & Girls Clubs of Middle Tennessee'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 Boys & Girls Clubs of Middle Tennessee's internal control over financial reporting and compliance.



July 17, 2020

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 1,413,580
Restricted cash	51,620
Grants and contracts receivable	315,672
Prepaid expenses and deposits	39,851
Investments	<u>548,916</u>
Total current assets	<u>2,369,639</u>
Property and Equipment, net	1,189,059
Membership rights, net	<u>17,333</u>
	<u>1,206,392</u>
Assets Held for Sale, net	<u>30,493</u>
Assets Whose Use is Limited:	
Restricted pledges, net	58,605
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	37,058
Investments	<u>938,499</u>
Total assets whose use is limited	<u>1,034,162</u>
Total Assets	<u><u>\$ 4,640,686</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Note payable - current portion	\$ 49,286
Accounts payable	61,978
Accrued expenses	166,119
Deferred revenue	<u>76,400</u>
Total current liabilities	353,783
Note payable - long-term portion	<u>124,297</u>
Total liabilities	<u>478,080</u>
Net Assets:	
Without donor restrictions	2,998,136
With donor restrictions	<u>1,164,470</u>
Total net assets	<u>4,162,606</u>
Total Liabilities and Net Assets	<u><u>\$ 4,640,686</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restriction	Total
Public Support and Revenue:			
Gross special events revenue	\$ 889,333	\$ -	\$ 889,333
Less direct cost of special events	(306,467)	-	(306,467)
Net special events revenue	582,866	-	582,866
Individual gifts and contributions	787,340	-	787,340
Grants and contracts	1,247,252	81,184	1,328,436
United Way grants, allocations, and designations	113,490	-	113,490
Program service fees	676,742	-	676,742
Donated rent	153,176	-	153,176
Net investment gain	21,941	282,788	304,729
Miscellaneous revenue	32,542	-	32,542
Net assets released from restrictions	391,523	(391,523)	-
Total public support	3,424,006	(27,551)	3,396,455
Total public support and revenue	4,006,872	(27,551)	3,979,321
Expenses:			
Program Services:			
Comprehensive Youth Development	3,202,752	-	3,202,752
Supporting Services:			
Management and General	429,448	-	429,448
Fundraising	249,235	-	249,235
Total supporting services	678,683	-	678,683
Total expenses	3,881,435	-	3,881,435
Increase(decrease) in net assets	125,437	(27,551)	97,886
Net assets at beginning of year	2,872,699	1,192,021	4,064,720
Net assets at end of year	\$ 2,998,136	\$ 1,164,470	\$ 4,162,606

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		
	Comprehensive Youth Development	Management and General	Fundraising	Total
Salaries	\$ 1,683,021	\$ 251,191	\$ 113,266	\$ 2,047,478
Employee taxes & benefits	227,816	43,648	19,440	290,904
Total payroll & related expenses	1,910,837	294,839	132,706	2,338,382
Awards and grants	11,644	-	-	11,644
Communications	23,455	1,645	-	25,100
Depreciation & amortization	124,397	2,539	26,000	152,936
Equipment rental and maintenance	41,154	8,591	-	49,745
Field trips & other youth events	42,110	-	-	42,110
In-kind expense	76,790	-	76,386	153,176
Interest expense	10,288	-	-	10,288
Marketing	19,344	-	8,290	27,634
Membership dues	17,283	3,386	-	20,669
Miscellaneous	14,443	20,170	-	34,613
Postage	753	2,262	754	3,769
Professional fees	155,887	28,536	3,545	187,968
Special events	106,355	-	200,112	306,467
Supplies	384,107	24,609	137	408,853
Training and conferences	30,208	24,395	-	54,603
Transportation	110,968	-	-	110,968
Travel and mileage	10,950	1,826	1,369	14,145
Utilities and occupancy costs	218,134	16,650	48	234,832
Total expenses by function	3,309,107	429,448	449,347	4,187,902
Less expenses included with revenues on the statement of activities:				
Direct cost of special events	(106,355)	-	(200,112)	(306,467)
Total expenses included in the expense section on the statement of activities	\$ 3,202,752	\$ 429,448	\$ 249,235	\$ 3,881,435

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows From Operating Activities:	
Increase in net assets	\$ 97,886
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	152,936
Realized gain on investments	(113,746)
Unrealized gain on investments	(165,537)
Change in value of beneficial interest in agency endowment fund	(5,919)
Changes in:	
Grants and contracts receivable	(20,676)
Prepaid expenses and deposits	11,865
Assets whose use is limited	64,208
Accounts payable	(11,472)
Accrued expenses	66,449
Deferred revenue	76,400
Total adjustments	54,508
Net cash provided by operating activities	152,394
Cash Flows From Investing Activities:	
Proceeds from sale of investments	562,770
Purchase of investments	(432,174)
Purchase of property and equipment	(30,000)
Purchase of membership rights	(26,000)
Net cash provided by investing activities	74,596
Cash Flows From Financing Activities:	
Payments on long-term debt	(47,050)
Net cash used in financing activities	(47,050)
Net increase in cash	179,940
Restricted cash, cash and cash equivalents - beginning of year	1,285,260
Restricted cash, cash and cash equivalents - end of year	\$ 1,465,200

Supplemental Cash Flow Information

Interest paid during the year ended December 31, 2019, was \$10,288.

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities

In these notes, the terms "Organization", "we", "us" or "our" mean Boys & Girls Clubs of Middle Tennessee. We have chosen to present our name how it is recognized nationally as "Boys & Girls Clubs of Middle Tennessee," rather than our official name of "Boys and Girls Clubs of Middle Tennessee" in accordance with the Secretary of State. We are a nonprofit organization affiliated with the Boys & Girls Clubs of America. Founded in 1903, the Boys & Girls Clubs of Middle Tennessee consist of nine Club facilities throughout the region. The goal of the organization is to enable all young people, especially those who need us most, to reach their full potential as productive, caring, and responsible citizens. We strive to improve each child's life by instilling in them a sense of competence, usefulness, belonging, and power/influence. We focus on three priority outcomes: academic success, healthy lifestyles, good character and citizenship.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported 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. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as net assets without donor restrictions.

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.

Revenue and Cost Recognition

Revenue is measured based on consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation which is determined by a series of services performed or upon delivery of a promised good or service. Contract terms are determined based on the expected completion dates of each performance obligation.

Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and are therefore, accounted as part of the existing contract.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our service contracts satisfied at a point in time have a single performance obligation that is based on the service specifically described in the contracts.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Performance Obligations Satisfied at a Point in Time

All of our revenue is recognized at a point in time rather than over time. Upon fulfillment of the performance obligation, which is the delivery of the service and reimbursement requests to the customer, the customer is provided an invoice demonstrating transfer of control to the customer. The Company believes that point in time recognition remains appropriate for this segment and will continue to recognize revenues upon completion of the performance obligation and issuance of an invoice.

Contract Estimates

Contract estimates are based on various assumptions to project the outcome of future events. These assumptions include estimated transaction price changes by third party payers and estimated penalties determined by the oversight agencies over some of our contracts. There were no contract estimates for the year ended December 31, 2019.

Cash Equivalents

For the purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with an original maturity date of ninety days or less from the date of issuance to be a cash equivalent. At December 31, 2019, we had cash equivalents in the amount of \$234,815.

Contributions Receivable

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received. Pledges with payments due to us in future periods are recorded as increases in temporarily restricted or permanently restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Allowance is made for uncollectible contributions receivable based upon our analysis of past collection experience and other judgmental factors. At December 31, 2019, no allowance was considered necessary.

In contrast to unconditional promises as described above, conditional promises are not recorded until donor contingencies are substantially met.

Grant Receivable

We recognize grant revenue when the grant is awarded. At December 31, 2019, no allowance was considered necessary for uncollectible grant receivables based upon our analysis of past collection experience with grantors.

Prepaid expenses

Prepaid expenses consist of insurance premiums and license fees paid by us in advance.

Property and Equipment

Property and equipment is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. Our capitalization policy is to capitalize any expenditure over \$5,000 for property and equipment, and any expenditure over \$500 for leasehold improvements. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2019, no assets were considered to be impaired.

Functional Allocation of Expenses

The costs of providing program services and supporting services 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. Expenses and support services that can be identified specifically with the Comprehensive Youth Development program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs or supporting functions are allocated based on various relationships. Multiple expenses have been allocated on the basis of estimates of time and effort.

Marketing

Marketing is expensed as incurred. Total marketing expense for the year ended December 31, 2019, was \$27,634.

Donated Services and Goods

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

We received donated rent for the year ended December 31, 2019, of \$76,789. See NOTE 13.

Income Taxes

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Use of Estimates

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

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to short maturities of these instruments. The fair value of the note payable approximates the carrying amount and is estimated based on current rates offered to us. All of our financial instruments are categorized as level 1 in the fair value hierarchy.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates that will affect the Organization's revenue recognition. The first, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. We have adopted these standards retrospectively during 2019. The adoption of this standard had no effect on beginning net assets on our statement of activities for the year ended December 31, 2019.

In November 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified on the statements of financial position and cash flows. The statements of financial position and cash flows have been presented to reflect this Accounting Standards Update at December 31, 2019, and certain reclassifications of prior year summarized amounts have been made to conform to the current year presentation.

NOTE 2 – Contributions Receivable

Contributions receivable consisted of the following at December 31, 2019:

Due in less than one year	\$ 10,000
Due in one or more years	<u>60,000</u>
	70,000
Less: discounts to net present value	<u>(11,395)</u>
Net contributions receivable	<u>\$ 58,605</u>

Gross restricted pledges receivable of \$70,000 for golf membership renewal rights in 2019 have been discounted for the time value of money using a discount rate of 4.65%. The rate was determined using the interest method after an allowance had been established. The net restricted pledges for the golf membership rights at December 31, 2019, was \$58,605.

In 2017, we renewed a membership purchase agreement with the Golf Club of Tennessee for \$260,000 for an additional 10 years. In the agreement, the Club allowed for 10 \$26,000 annual payments to cover the cost. The amortization expense for December 31, 2019, is \$26,000

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 – Investments

Investments consisted of the following at December 31, 2019:

	<u>Market Value</u>	<u>Cost</u>
LLC Ownership	\$ 140,040	\$ 133,506
Equity	961,430	728,551
Fixed Income Taxable	279,312	278,438
Real Estate	<u>106,632</u>	<u>83,058</u>
		<u>\$ 1,223,553</u>
Less: restricted investments	<u>(938,498)</u>	
	<u>\$ 548,916</u>	

The net Investment gain included the following for the year ended December 31, 2019:

Interest and dividend income	\$ 43,450
Realized gain - net	113,746
Unrealized gain - net	165,537
Investment fees	<u>(18,004)</u>
Net investment gain	<u>\$ 304,729</u>

At December 31, 2019, our investments were held in a trust, we are the sole beneficiary of this trust.

At December 31, 2019, we owned units of ownership in a limited liability company (LLC). Our ownership is a result of a contribution made in 2010.

We have elected to report other investments that do not have a readily determinable value, at carrying value, except those for which the fair value option has been elected.

We have recognized our LLC ownership interest at fair market value in accordance with generally accepted accounting principles under the fair value option. The fair value of the ownership interest is measured annually based on the values of the underlying investment held in the LLC. As of December 31, 2019, the fair value of this ownership interest was \$140,040 .

NOTE 4 – Fair Value Measurements

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 – Fair Value Measurements (continued)

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data.

The following table summarizes our financial assets measured at fair value on a recurring basis segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value as of December 31, 2019:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Common Stocks-Public	\$ 961,430	\$ 961,430	\$ 961,430	\$ -	\$ -
LLC Ownership	140,040	140,040	-	140,040	-
Fixed Income Taxable	279,312	279,312	279,312	-	-
Real Estate	106,632	106,632	106,632	-	-
Beneficial interest in agency endowment fund	37,058	37,058	-	-	37,058
	<u>\$ 1,524,472</u>	<u>\$ 1,524,472</u>	<u>\$ 1,347,374</u>	<u>\$ 140,040</u>	<u>\$ 37,058</u>

As shown on the financial statements as follows at December 31, 2019:

Unrestricted investments	\$ 548,916
Restricted investments	<u>938,499</u>
	1,487,415
Beneficial interest in agency endowment fund	<u>37,058</u>
	<u>\$ 1,524,473</u>

There were no transfers between Level 1, Level 2, and Level 3 investments during the year ended December 31, 2019.

A reconciliation of changes in the amounts reported for the asset valued using Level 3 inputs is included in NOTE 9.

NOTE 5 – Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended	
Cash and cash equivalents	\$ 1,413,580
Grants and contracts receivable	315,672
Investments	<u>548,916</u>
	<u>\$ 2,278,168</u>

The Organization has certain donor-restricted assets limited to use which are only available for restricted programs. Accordingly, these assets have been excluded in the qualitative information above.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – Availability and Liquidity (continued)

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. Cash is currently held in four bank accounts. This cash is readily available.

We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 6 – Property and Equipment

Property and equipment consisted of the following at December 31, 2019:

Land	\$ 18,000
Buildings and improvements	2,003,874
Vehicles	687,871
Furniture, equipment and software	<u>36,564</u>
	2,746,309
Less accumulated depreciation	<u>(1,557,250)</u>
Net property and equipment	<u>\$ 1,189,059</u>

Total depreciation expense for the year ended December 31, 2019, was \$126,936.

The Thompson Lane facility is not currently in use and has a net book value of \$30,493 as of December 31, 2019. This fixed asset is segregated on the face of the financials. See NOTE 18.

NOTE 7 – Membership Rights

In 2017, we renewed a membership purchase agreement with the Golf Club of Tennessee for \$260,000 for an additional 10 years. In the agreement, the Club allowed for 10 \$26,000 annual payments to cover the cost. See NOTE 2 for the pledge receivable. The amortization expense for December 31, 2019, is \$26,000.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 – Net Assets With Restrictions

Net assets with restrictions consisted of the following at December 31, 2019:

Scholarship - Youth of the Year	\$ 30,183
United Way of Williamson County	47,250
City of Franklin grant	4,500
Ray White Fund	20,429
Golf Membership Renewal	22,000
Restricted Pledge – See NOTE 2	58,604
RBI Program	4,940
Beneficial interest in agency endowment fund - See NOTE 9	37,058
Endowment fund – see NOTE 10	938,498
Scholarships	<u>1,008</u>
	<u>\$ 1,164,470</u>

NOTE 9 – Beneficial Interest in Agency Endowment Fund

In the year ended December 31, 2019, the Community Foundation of Middle Tennessee, (the Foundation) a non-profit organization, is in control of an endowment fund for us. The endowment has been recorded as permanently restricted. The Foundation has ultimate authority and control over all property of the fund and the income derived therefrom. The endowment is considered a reciprocal transfer and is therefore recorded as an asset on our Statement of Financial Position.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Since the Foundation has control over the fund and the earnings, we have not established an investment policy for the fund nor have we established policies for expenditures from the fund. We are not aware of any deficiencies in the fair value of assets in the fund as compared to the required amounts by the donors. We recognize contribution income when the Foundation makes a distribution to us. We recognize investment earnings and fees in the Statement of Activities, as they are reported to us by the Foundation.

The following is the balance and activity reported in our financial statements for the year ended December 31, 2019:

Balance - beginning of period	\$ 31,139
Change in value of beneficial interest in agency endowment fund:	
Investment income	6,137
Administrative expenses	<u>(218)</u>
Total change in value of beneficial interest in agency endowment fund	<u>5,919</u>
Balance - end of period	<u>\$ 37,058</u>

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 – Endowment Funds

Our endowment consists of funds established by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. Our permanently restricted endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA).

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. Financial accounting standards also require additional disclosures about our endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not we are subject to UPMIFA.

Interpretation of applicable law - The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, we classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending policy - we have a policy of appropriating for distribution each year a payout equal to the total earnings from the funds. Funds released from restriction as of December 31, 2019, were \$28,390.

Investment return objective, risk parameters and strategies - The objective of our endowment portfolio is a balanced approach between equities and fixed income securities. The investment horizon is long-term and balances the need for income and growth. The portfolio allows for a 30% to 70% investment in equities and a 30% to 70% investment in fixed income.

At December 31, 2019, our investments were held in a trust, we are the sole beneficiary of this trust.

A schedule of endowment net asset composition (including both the cash and investments) by type of fund as of December 31, 2019, is as follows:

	<u>Without Restriction</u>	<u>With Restriction</u>	<u>Total</u>
Endowment funds	<u>\$ 649,070</u>	<u>\$ 938,498</u>	<u>\$ 1,587,568</u>

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – Changes in Endowment Fund Net Assets

The following is a schedule of changes in endowment net assets for the year ended December 31, 2019:

	<u>Without Restriction</u>	<u>With Restriction</u>	<u>Total</u>
Endowment net assets, December 31, 2018	\$ 360,363	\$ 938,498	\$ 1,298,861
Investment income	-	42,787	42,787
Administrative expenses	-	(17,828)	(17,828)
Net depreciation (realized and unrealized)	-	263,748	263,748
Amounts released from restriction	<u>288,707</u>	<u>(288,707)</u>	<u>-</u>
Endowment net assets, December 31, 2019	<u>\$ 649,070</u>	<u>\$ 938,498</u>	<u>\$ 1,587,568</u>

NOTE 12 – Joint Costs

During the year ended December 31, 2019, we had certain joint costs pertaining to special events that have been allocated between fundraising and program expense as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Special events	<u>\$ 106,355</u>	<u>\$ 200,112</u>	<u>\$ 306,467</u>

All criteria required to allocate joint costs were met during the year ended December 31, 2019.

NOTE 13 – Leases

We have an agreement with another organization to lease administrative office space and reimburse certain operating costs through June 2019. The agreement calls for a reimbursement of actual costs to operate the facility including association fees, utilities, janitorial costs, insurance, maintenance and other items. Operating costs reimbursable under the agreement include a prorata share of an office services associate, telephone and internet service, consumable supplies and other items. An accounting of the actual costs is prepared on a semi-annual basis and any adjustment from the projected cost to the actual cost is reimbursed at that time. For the year ended December 31, 2019, expenses under this agreement totaled \$24,408.

On December 1, 2007, we entered into a lease agreement for a club facility that has been extended and expires October 31, 2020. Expenses under this agreement totaled \$13,200 for the year ended December 31, 2019.

We currently have a variable lease for 3 of our locations. The rent expense as of December 31, 2019, totaled \$18,046. The monthly rent charged is calculated as follows: \$2.80 per week per child based on the average number of children in attendance each week.

We also lease various office equipment under operating lease agreements. Equipment rental expense for the year ended December 31, 2019, was \$9,706, which is included in equipment rental and maintenance on the Statement of Functional Expenses.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 13 – Leases (continued)

Expenses incurred under operating leases for the year ended December 31, 2019, were \$70,296, not including donated rent of \$76,789 from four club locations that we do not have a lease agreement with and one with whom we do. As of the date of this report, the lease for one of the office spaces has not been renewed but has been properly accrued for since it is expected to be renewed.

The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	
2020	\$ 33,052
2021	3,034
2022	2,524
2023	994
2024	580
	<hr/>
	\$ 40,184

NOTE 14 – Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, and various grant, contract and contributions receivables. Grant, contract and contributions receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

Three donors represent 80% of total receivables at December 31, 2019. Four vendors represent 88% of total accounts payable at December 31, 2019.

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe this exposes us to any significant credit risk on our cash. At December 31, 2019, we had \$474,209 of uninsured cash and cash equivalents.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

NOTE 15 – Employee Benefit Plan

Substantially all of our employees are covered by a defined contribution money purchase plan known as the Boys & Girls Clubs of America Master Pension Plan and Trust (the "Plan"). We fund our share of pension expense for the year in quarterly contributions to the Plan.

The plan provides for elective employer contributions. We contribute five percent of eligible employees' annual compensation to the Plan. Employees become eligible to participate on the plan anniversary date if they are at least 21 years of age and have worked at least 1,000 hours in the immediately preceding twelve months. Employee benefits are fully vested after six years of service as a plan participant.

For the year ended December 31, 2019, we accrued and contributed a total of \$50,522 to the plan, which is included in employee taxes and benefits on the Statement of Functional Expenses.

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 15 – Employee Benefit Plan (continued)

We have an HRA plan that is administered by a third party. At various times we have been underfunded and overfunded by an amount immaterial to the financial statements as a whole. Due to the amounts being immaterial, we expense the amounts as bills are due.

NOTE 16 – Related Parties

We are a locally governed affiliate that is required to pay membership dues to the national organization. In return, we receive support from the national organization which helps fund our programs. During the year ended December 31, 2019, we remitted a total of \$10,778 respectively, in membership dues and received \$187,612 in funding. As of December 31, 2019, we were due \$22,738 from our national affiliate, which is grouped with grants and contracts receivable.

We are also part of the Tennessee Alliance which is a collective of all Boys & Girls Clubs of Tennessee which raises money to distribute to the Tennessee clubs. During the year ended December 31, 2019, we remitted \$9,891 in membership dues and received funding of \$155,888. As of December 31, 2019, we were due \$34,585 from Tennessee Alliance, which is grouped with grants and contracts receivable.

NOTE 17 – Contingencies

From time to time, we may be and have been named as a defendant in lawsuit. At December 31, 2019, we do not believe that any claims have merit and intend to vigorously defend our position. At December 31, 2019, we have not accrued any legal fees.

NOTE 18 – Assets Held for Sale

At December 31, 2017, we included assets in property, plant, and equipment on the statement of financial position that are held for sale. As of December 31, 2019, the assets were not sold. Accounting principles generally accepted in the United States of America require that assets that are held for sale be recorded as a separate line item on the statement of financial position. The net book value of these assets at December 31, 2019, was \$30,493. This building was sold during 2020. See NOTE 21.

NOTE 19 – Note Payable

In April 2016, we entered into an agreement to purchase four vehicles for \$335,930. The vehicles are secured by a loan which bears interest annually at 4.650% annually. Until maturity, the loan requires a minimum monthly payment of \$4,693, which will be applied to the monthly interest calculation with any excess applied to principal. The note matures in April 2023, with any unpaid principal due at that time.

Year ending December 31,

2020	\$ 49,286
2021	51,627
2022	54,079
2023	<u>18,591</u>
Total	173,583
Less: current maturities	<u>(49,286)</u>
	<u>\$ 124,297</u>

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 20 – New Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2021, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

NOTE 21 – Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2019. As of July 20, 2020, the date the financial statements were available to be issued, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of our operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Additionally, subsequent to the year ending December 31, 2019, the Thompson Lane Building, shown as held for sale on the Statement of Financial Position, was sold for net gain of \$1.8 million. This gain on sale will be recognized in 2020.



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

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

To the Board of Directors
Boys & Girls Clubs of Middle 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 Boys & Girls Clubs of Middle Tennessee (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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 July 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Clubs of Middle Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of Middle Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Middle Tennessee'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Clubs of Middle Tennessee'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.

Patterson Hande & Ballentine
July 20, 2020



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

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

To the Board of Directors
Boys & Girls Clubs of Middle Tennessee

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Middle Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of Middle Tennessee's major federal programs for the year ended December 31, 2019. Boys & Girls Clubs of Middle Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of Middle Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Clubs of Middle Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boys & Girls Clubs of Middle Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of Middle Tennessee 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, 2019.

Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of Middle Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boys & Girls Clubs of Middle Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Middle Tennessee's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Patterson Harder & Bellentini

July 20, 2020

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Pass-Through Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards Pass-through Funding:					
U.S. DOE through Tennessee Dept. of Education	21st Century Community Learning Centers	82.287	S287C190043		\$ 739,874
Total Program 82.287	21st Century Community Learning Centers				739,874
U.S. DOJ through Boys & Girls Club of America	Juvenile Mentoring Program	18.726	2018-JU-FX-0013		39,974
Total Program 18.726	Juvenile Mentoring Program				39,974
TOTAL FEDERAL AWARDS					779,848
Federal Grantor/ Pass-Through Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<u>State Financial Assistance</u>					
TN. Dept. of Health and Human Services	DHS Food Voucher Program	N/A	N/A		114,231
Tennessee Alliance	Lottery Education After-school Program	N/A	N/A		155,551
TOTAL STATE AWARDS					269,782
TOTAL FEDERAL AND STATE AWARDS					\$ 1,049,630
Note - This schedule was prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. These grants are 100% pass-through to Boys & Girls Club of Middle Tennessee (BGCMT). BGCMT is assuming all audit responsibility. BGCMT allocates indirect costs using the de minimus indirect 8% cost method.					

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's reports issued:	<i>Unmodified</i>
Internal control over financial reporting:	<u>YES</u> <u>NO</u>
Material weakness identified?	X
Significant deficiency identified that are not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	X

Federal Awards

Type of auditor's reports issued on compliance for major programs:	<i>Unmodified</i>
Internal control over major programs:	<u>YES</u> <u>NO</u>
Material weakness identified?	X
Significant deficiency identified that are not considered to be material weakness?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.520 (e)?	X

Identification of Major Programs

<u>CFDA Number:</u>	<u>Name of Federal Program or Cluster:</u>
82.287	21 ST Century Community Learning Centers

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

Auditee qualified as low-risk auditee?	<u>YES</u> <u>NO</u>
	X

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

There were no prior findings reported.