

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE
Financial Statements and Supplementary Information
For the Years Ended December 31, 2019 and 2018

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE
Financial Statements and Supplementary Information
December 31, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors of
Big Brothers/Big Sisters of Middle Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Middle Tennessee (a not-for-profit organization, the Organization), which comprise the statement of financial position as of December 31, 2019, 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 Big Brothers/Big Sisters of Middle Tennessee as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Prior Year Financial Statements***

The financial statements of the Organization, as of and for the year ended December 31, 2018, were audited by other auditors, whose report, dated July 10, 2019, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), 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 2019 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 2019 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 June 13, 2020, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC

Goodlettsville, Tennessee

June 13, 2020

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 842,142	\$ 596,303
Investments	-	1,265
Accounts receivable	17,642	-
Grants receivable	144,995	200,329
Prepaid expenses and other assets	15,683	44,591
Total current assets	1,020,462	842,488
Property and equipment, net	1,297,950	1,295,109
Total assets	<u>\$ 2,318,412</u>	<u>\$ 2,137,597</u>
Liabilities and Net assets		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 47,120</u>	<u>\$ 28,316</u>
Net assets		
Net assets without donor restrictions	2,056,937	1,870,020
Net assets with donor restrictions	214,355	239,261
Total net assets	<u>2,271,292</u>	<u>2,109,281</u>
Total liabilities and net assets	<u>\$ 2,318,412</u>	<u>\$ 2,137,597</u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statement of Activities

For The Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 232,400	\$ -	\$ 232,400
Contributions - special events	1,132,909	-	1,132,909
Grants - other	540,792	63,208	604,000
Fundraising events	60,133	-	60,133
Federal grants	714,990	144,995	859,985
State grants	524,231	-	524,231
In-kind	198,047	-	198,047
United Way	134,029	-	134,029
Miscellaneous income	31,079	-	31,079
Investment gain, net	903	-	903
Net assets released from restrictions	233,109	(233,109)	-
Total revenue, gains, and other support	<u>3,802,622</u>	<u>(24,906)</u>	<u>3,777,716</u>
Expenses			
Program services	<u>2,510,649</u>	<u>-</u>	<u>2,510,649</u>
Supporting services			
Management and general	327,533	-	327,533
Fundraising	627,747	-	627,747
Total supporting services	<u>955,280</u>	<u>-</u>	<u>955,280</u>
National program fees	<u>149,776</u>	<u>-</u>	<u>149,776</u>
Total expenses	<u>3,615,705</u>	<u>-</u>	<u>3,615,705</u>
Change in net assets	186,917	(24,906)	162,011
Net assets - beginning of year	<u>1,870,020</u>	<u>239,261</u>	<u>2,109,281</u>
Net assets - end of year	<u>\$ 2,056,937</u>	<u>\$ 214,355</u>	<u>\$ 2,271,292</u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statement of Activities

For The Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 192,155	\$ 10,000	\$ 202,155
Contributions - special events	848,924	-	848,924
Grants - other	496,267	30,000	526,267
Fundraising events	284,043	-	284,043
Federal grants	263,114	200,329	463,443
State grants	250,000	-	250,000
In-kind	193,991	-	193,991
United Way	133,579	-	133,579
Miscellaneous income	23,350	-	23,350
Investment loss, net	(571)	-	(571)
Net assets released from restrictions	53,873	(53,873)	-
Total revenue, gains, and other support	<u>2,738,725</u>	<u>186,456</u>	<u>2,925,181</u>
Expenses			
Program services	<u>2,004,648</u>	<u>-</u>	<u>2,004,648</u>
Supporting services			
Management and general	245,847	-	245,847
Fundraising	565,962	-	565,962
Total supporting services	<u>811,809</u>	<u>-</u>	<u>811,809</u>
National program fees	<u>195,871</u>	<u>-</u>	<u>195,871</u>
Total expenses	<u>3,012,328</u>	<u>-</u>	<u>3,012,328</u>
Change in net assets	(273,603)	186,456	(87,147)
Net assets - beginning of year	<u>2,143,623</u>	<u>52,805</u>	<u>2,196,428</u>
Net assets - end of year	<u>\$ 1,870,020</u>	<u>\$ 239,261</u>	<u>\$ 2,109,281</u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statement of Functional Expenses

For The Year Ended December 31, 2019

		Supporting Services		National Program	
	Program Services	Management and General	Fundraising	Fees	Total Expenses
Salaries	\$ 1,279,089	\$ 191,934	\$ 294,709	\$ -	\$ 1,765,732
Payroll taxes	95,429	14,511	22,304	-	132,244
Employee benefits	158,724	16,775	22,560	-	198,059
Total salaries and related expenses	1,533,242	223,220	339,573	-	2,096,035
Bank and credit card fees	-	1,203	12,372	-	13,575
Equipment rental and maintenance	-	4,147	-	-	4,147
Fundraising events	-	-	198,755	-	198,755
Insurance	45,930	4,651	7,558	-	58,139
Mentoring activities	76,340	4,636	4,556	-	85,532
Miscellaneous	53,565	19,516	9,674	-	82,755
National program fees	-	-	-	28,758	28,758
Occupancy	40,731	3,260	6,634	-	50,625
Office supplies	8,462	954	1,847	-	11,263
Postage	5,598	1,338	4,470	-	11,406
Professional fees	15,966	49,812	4,273	-	70,051
Public relations	149,539	141	14,304	-	163,984
Subrecipient expenditures - state grants	348,152	-	-	-	348,152
Technology	43,515	6,707	10,655	-	60,877
Telephone	12,803	1,297	2,107	-	16,207
Travel and staff training	51,008	1,712	2,944	-	55,664
Total other expenses	851,609	99,374	280,149	28,758	1,259,890
Total expenses before depreciation and in-kind	2,384,851	322,594	619,722	28,758	3,355,925
Depreciation expense	48,769	4,939	8,025	-	61,733
In-kind expense	77,029	-	-	121,018	198,047
Total expenses	\$ 2,510,649	\$ 327,533	\$ 627,747	\$ 149,776	\$ 3,615,705

See notes to financial statements.

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statement of Functional Expenses

For The Year Ended December 31, 2018

		Supporting Services		National Program	
	Program Services	Management and General	Fundraising	Fees	Total Expenses
Salaries	\$ 1,193,813	\$ 76,526	\$ 260,190	\$ -	\$ 1,530,529
Payroll taxes	89,063	5,709	19,411	-	114,183
Employee benefits	148,335	14,045	23,517	-	185,897
Total salaries and related expenses	1,431,211	96,280	303,118	-	1,830,609
Bank and credit card fees	2,781	170	25,236	-	28,187
Equipment rental and maintenance	10,792	514	1,542	-	12,848
Fundraising events	-	-	178,506	-	178,506
Insurance	48,624	10,673	2,511	-	61,808
Mentoring activities	65,325	-	-	-	65,325
Miscellaneous	15,294	6,125	9,070	-	30,489
National program fees	-	-	-	20,128	20,128
Occupancy	39,566	2,155	5,233	-	46,954
Office supplies	13,619	649	1,946	-	16,214
Postage	3,327	370	3,697	-	7,394
Professional fees	69,774	122,838	7,702	-	200,314
Public relations	1,188	-	4,970	-	6,158
Subrecipient expenditures - state grants	164,002	-	-	-	164,002
Technology	39,901	1,886	5,949	-	47,736
Telephone	11,660	541	1,624	-	13,825
Travel and staff training	11,038	226	5,767	-	17,031
Total other expenses	496,891	146,147	253,753	20,128	916,919
Total expenses before depreciation and in-kind	1,928,102	242,427	556,871	20,128	2,747,528
Depreciation expense	58,298	3,420	9,091	-	70,809
In-kind expense	18,248	-	-	175,743	193,991
Total expenses	\$ 2,004,648	\$ 245,847	\$ 565,962	\$ 195,871	\$ 3,012,328

See notes to financial statements.

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 162,011	\$ (87,147)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,733	70,809
Loss on sale of investments	164	-
Contribution of investments	-	(1,265)
Change in assets and liabilities:		
Accounts receivable	(17,642)	27,342
Grants receivable	55,334	(87,435)
Prepaid expenses and other assets	28,908	(9,700)
Accounts payable and accrued expenses	18,804	(1,329)
Deferred revenue	-	(7,550)
Net cash provided (used) by operating activities	<u>309,312</u>	<u>(96,275)</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,101	-
Purchase of equipment	<u>(64,574)</u>	<u>(58,718)</u>
Net cash used by investing activities	<u>(63,473)</u>	<u>(58,718)</u>
Net increase (decrease) in cash and cash equivalents	245,839	(154,993)
Cash and cash equivalents - beginning of year	<u>596,303</u>	<u>751,296</u>
Cash and cash equivalents - end of year	<u><u>\$ 842,142</u></u>	<u><u>\$ 596,303</u></u>
Non-Cash Supplemental Disclosure		
Disposal of fully depreciated property and equipment	<u><u>\$ 47,419</u></u>	<u><u>\$ -</u></u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

December 31, 2019 and 2018

Note 1—Nature of Organization and Summary of Significant Accounting Policies

Nature of Activities

Big Brothers/Big Sisters of Middle Tennessee (the Organization) is a not-for-profit organization organized in Nashville, Tennessee in 1969. The Organization provides programs and services to match adult volunteer mentors with children from primarily single-parent homes throughout Middle Tennessee. The Organization receives support from state and federal agencies, individual donors and foundations, and through fundraising events.

Financial Statement Presentation

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 (U.S. GAAP) as prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are available for use at the discretion of the Organization's board of directors and/or management for general operating purposes. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as assets released from restrictions. Contributions which are restricted for specific programs are reflected as net assets without donor restrictions if these funds are received and spent in the same fiscal year.

Cash

The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash equivalents.

Property and Equipment

The Organization generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$1,000 or greater. Property and equipment are recorded at cost when purchased or at fair value as of the date contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 40 years.

Investments

Investments are valued at fair value in the statements of financial position. Unrealized gains and losses as well as appreciation or depreciation in fair value are reflected in the accompanying statements of activities as investment (loss) gain.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

December 31, 2019 and 2018

Note 1—Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounts Receivable

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at December 31, 2019 and 2018, are fully collectible.

Revenue Recognition

On January 1, 2019, the Organization adopted ASU (Accounting Standards Update) 2014-09, *Revenue from Contracts with Customers and all subsequent amendments to the ASU* (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU did not materially impact the financial statements and related disclosures.

Grant revenues are recognized when qualified reimbursable expenses are incurred or when services are performed. Grant funds received in advance are recognized as deferred grant revenue until earned. Grant receivables represent amounts due from grants which have been earned but not received. All grant receivables are reported at estimated collectible amounts.

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Amounts for donated services are not reflected in the financial statements as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in program services.

Contributions and Support

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

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

December 31, 2019 and 2018

Note 1—Nature of Organization and Summary of Significant Accounting Policies (Continued)*Functional Allocation of Expenses*

The statements of functional expenses present expenses by function and natural classification. Expenses that can be directly attributed to a particular function are charged to that function. Fundraising events, subrecipient expenditures – state grants, and national program fees have been directly charged. All other expense categories are allocated based on time and effort.

Reclassifications

Certain prior period amounts are reclassified to conform to current year presentation.

Note 2—Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services to match adult volunteer mentors with children as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditures within one year of the statement of financial position date:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 842,142	\$ 596,303
Accounts receivable	17,642	-
Grants receivable	144,995	200,329
Investments	-	1,265
Total financial assets at year end	<u>1,004,779</u>	<u>797,897</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	214,355	239,261
Less net assets with purpose or time restrictions to be met in less than a year	<u>(214,355)</u>	<u>(239,261)</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,004,779</u></u>	<u><u>\$ 797,897</u></u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

*December 31, 2019 and 2018***Note 3—Property and Equipment**

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$ 1,713,206	\$ 1,648,631
Furniture and equipment	212,897	260,317
Software	58,718	58,718
	<u>1,984,821</u>	<u>1,967,666</u>
Less accumulated depreciation	(686,871)	(672,557)
	<u>\$ 1,297,950</u>	<u>\$ 1,295,109</u>

Note 4—In-Kind

The value of donated goods and services included in the financial statements for the years ended December 31 is as follows:

	<u>2019</u>	<u>2018</u>
Fundraising	\$ 121,018	\$ 175,743
Mentoring activities	390	-
Miscellaneous	40	-
Occupancy	9,124	18,248
Professional fees	66,575	-
Public relations	900	-
	<u>\$ 198,047</u>	<u>\$ 193,991</u>

Note 5—Leases

The Organization has entered into noncancellable operating lease agreements for certain office equipment. Rent expense totaled \$23,147 and \$39,577 in 2019 and 2018, respectively. The future minimum lease payments under operating lease arrangements are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 2,160
2021	2,160
2022	2,160
2023	2,160
2024	1,800
	<u>\$ 10,440</u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

*December 31, 2019 and 2018***Note 6—Net Assets with Donor Restrictions**

Net assets restricted by donors for time and purpose restricted consisted of the following of December 31:

	2019	2018
Events and conferences	\$ -	\$ 23,932
Beyond School Walls program	23,208	15,000
Sports Buddies program	25,000	-
Crime victim assistance	124,793	63,030
Low-income youth	6,996	13,000
Tennessee prevention network	13,205	32,980
Other programs	21,153	91,319
	<u>\$ 214,355</u>	<u>\$ 239,261</u>

Note 7—Concentrations

The Organization receives a substantial amount of its revenue from federal and state grants. A significant reduction in the level of this support, if it were to occur, could have an adverse impact on the Organization's programs and services. Amounts included in revenue from federal and state grants totaled 37% and 24%, in 2019 and 2018, respectively.

The Organization receives a substantial amount of its revenue from one contribution appeal. A significant reduction in the level of response, if it were to occur, could have an adverse impact on the Organization's programs and services. Amounts included in contributions revenue from this appeal totaled 20% and 24%, in 2019 and 2018, respectively.

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. For the years ended December 31, 2019 and 2018, \$522,521 and \$129,481, respectively, were in excess of federally insured limits.

Note 8—Commitments and Contingencies

The Organization is periodically subject to legal actions which arise in the course of business. Management is unable to predict the ultimate outcome of current litigation outstanding but does not believe an ultimate liability with respect to current litigation will be material to the operating results or financial position of the Organization. As a result, no accrual for any liability is included in the financial statements.

Note 9—Prior Period Adjustment

The Organization identified a misclassification of net assets with donor restrictions during 2019. Net assets without donor restrictions were overstated by \$200,329 and net assets with donor restrictions were understated by \$200,329 as of December 31, 2018. There is no change to total net assets as of December 31, 2018.

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to Financial Statements

December 31, 2019 and 2018

Note 10—Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to supersede nearly all lease guidance under U.S. GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Note 11—Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date the Organization has yet to be adversely impacted.

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2019 through June 13, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Schedule of Expenditures of Federal, State, and Local Awards

For the Year Ended December 31, 2019

<u>Grantor / Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Federal Awards				
U.S. Department of Justice / Big Brothers Big Sisters of America	Juvenile Mentoring Program	16.726	2018-JU-FX-0010	\$ 81,000
Tennessee Office of Criminal Justice Programs	Crime Victim Assistance	16.575	35132	<u>501,142</u> 582,142
U.S. Department of Health and Human Services / Tennessee Department of Human Services	Temporary Assistance for Needy Families (TANF)	93.558	34530-41719	26,000
Tennessee Department of Human Services	Temporary Assistance for Needy Families (TANF)	93.558	34530-41720	<u>57,739</u> 83,739
Tennessee Department of Mental Health & Substance Abuse Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 58045_2018-2019_002	58,127
Tennessee Department of Mental Health & Substance Abuse Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 62140_2019-2020_002	<u>124,250</u> 182,377
Corporation for National and Community Service / N/A - Direct	Retired and Senior Volunteer Program (RSVP)	94.002	18STSTN006	<u>29,748</u>
Total Federal Awards				<u>\$ 878,006</u>
State Financial Assistance				
Tennessee Department of Children's Services	Adverse Childhood Experiences (ACEs) Initiative	N/A	35910	\$ 24,230
Tennessee Department of Correction	Tennessee Amachi Mentoring Program	N/A	N/A	250,000
Tennessee Department of Finance and Administration	Tennessee Amachi Mentoring Program	N/A	N/A	<u>250,000</u>
Total State Financial Assistance				<u>\$ 524,230</u>

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Notes to the Schedule of Expenditures of Federal, State, and Local Awards

*For the Year Ended December 31, 2019***Note 1—Basis of Accounting**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the Organization for the year ended December 31, 2019. The information in this schedule is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2—Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 –Matching

The Organization uses direct volunteer hours at an approved hourly rate to meet the matching requirements for CFDA 16.575.



**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
Big Brothers/Big Sisters 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 Big Brothers/Big Sisters of Middle Tennessee (a not-for-profit organization, the Organization), which comprise the statement of financial position as of December 31, 2019, 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 June 13, 2020.

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) 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 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
June 13, 2020



**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 of
Big Brothers/Big Sisters of Middle Tennessee

Report on Compliance for Each Major Federal Program

We have audited Big Brothers/Big Sisters of Middle Tennessee's (the Organization) compliance with the types of compliance requirements described 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 December 31, 2019. 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.

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 the Organization'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* (the 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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
June 13, 2020

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness identified? No

Significant deficiency identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal program:

CFDA Number 16.575 – Crime Victim Assistance

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

Auditee qualified as low-risk auditee? No

Section II—Financial Statement Findings

None Identified

Section III—Federal Award Findings and Questioned Costs

None Identified

BIG BROTHERS/BIG SISTERS OF MIDDLE TENNESSEE

Summary Schedule of Prior Year Findings

December 31, 2019

Financial Statement Findings

Finding Number	Finding Title	Status
N/A	None	N/A

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	None	N/A