

Big Brothers/Big Sisters of Middle Tennessee

Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30 2021

Big Brothers/Big Sisters of Middle Tennessee
Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

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Introductory Section

Big Brothers/Big Sisters of Middle Tennessee

Roster of Officials
As of June 30, 2022

Board Chair	Grant Kinnett
Vice Chair	Tom Lampe
Treasurer	Anne Corrao
Secretary	Kelly Hodges
Chief Executive Officer	Melissa Hudson - Gant
Chief Operating Officer	David Estrin



Independent Auditor's Report

Board of Directors
Big Brothers/Big Sisters of Middle Tennessee

Report on the Financial Statements

Opinion

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 statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2022 and the 18 months ended June 30, 2021 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended June 30, 2022 and the 18 months ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, 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
January 26, 2023

Big Brothers/Big Sisters of Middle Tennessee

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 3,948,821	\$ 800,110
Accounts receivable	-	12,067
Grants receivable	382,621	508,670
Employee receivable	15,211	-
Prepaid expenses and other assets	9,445	58,477
Total current assets	4,356,098	1,379,324
Property and equipment, net	1,760,065	1,688,591
Total assets	\$ 6,116,163	\$ 3,067,915
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 112,384	\$ 123,701
Deferred revenue	22,000	-
Total current liabilities	134,384	123,701
PPP loan	-	361,892
Total liabilities	134,384	485,593
Net assets		
Without donor restrictions	5,876,779	2,389,163
With donor restrictions	105,000	193,159
Total net assets	5,981,779	2,582,322
Total liabilities and net assets	\$ 6,116,163	\$ 3,067,915

Big Brothers/Big Sisters of Middle Tennessee

Statement of Activities For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains, and Other Support			
Contributions of cash and other financial assets	\$ 135,867	\$ -	\$ 135,867
Contributions of cash and other financial assets, special events	701,513	-	701,513
Grants, other	4,026,098	75,000	4,101,098
Fundraising events	37,748	-	37,748
Federal grants and contracts	1,544,677	-	1,544,677
State grants	700,000	-	700,000
PPP loan forgiveness	361,892	-	361,892
Contributions of nonfinancial assets	22,696	-	22,696
United Way	111,881	-	111,881
Interest income	2,911	-	2,911
Net assets released from restriction	163,159	(163,159)	-
Total revenues, gains, and other support	7,809,331	(88,159)	7,721,172
Expenses			
Program services	3,081,572	-	3,081,572
Supporting services			
Management and general	786,326	-	786,326
Fundraising	453,817	-	453,817
Total supporting services	1,240,143	-	1,240,143
Total expenses	4,321,715	-	4,321,715
Change in net assets	3,487,616	(88,159)	3,399,457
Net assets, beginning of year	2,389,163	193,159	2,582,322
Net assets, end of year	\$ 5,876,779	\$ 105,000	\$ 5,981,779

Big Brothers/Big Sisters of Middle Tennessee

Statement of Activities

For the 18 Months Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains, and Other Support			
Contributions of cash and other financial assets	\$ 187,874	\$ 95,659	\$ 283,533
Contributions of cash and other financial assets, special events	812,645	-	812,645
Grants, other	678,063	97,500	775,563
Fundraising events	92,250	-	92,250
Federal grants and contracts	2,134,853	-	2,134,853
State grants	332,000	-	332,000
PPP loan forgiveness	371,200	-	371,200
Contributions of nonfinancial assets	131,896	-	131,896
United Way	197,153	-	197,153
Miscellaneous income	16,219	-	16,219
Interest income	2,559	-	2,559
Net assets released from restriction	<u>214,355</u>	<u>(214,355)</u>	<u>-</u>
Total revenues, gains, and other support	5,171,067	(21,196)	5,149,871
Expenses			
Program services	3,461,944	-	3,461,944
Supporting services			
Management and general	759,042	-	759,042
Fundraising	<u>617,855</u>	<u>-</u>	<u>617,855</u>
Total supporting services	<u>1,376,897</u>	<u>-</u>	<u>1,376,897</u>
Total expenses	4,838,841	-	4,838,841
Change in net assets	332,226	(21,196)	311,030
Net assets, beginning of year	<u>2,056,937</u>	<u>214,355</u>	<u>2,271,292</u>
Net assets, end of year	\$ 2,389,163	\$ 193,159	\$ 2,582,322

Big Brothers/Big Sisters of Middle Tennessee

Statement of Functional Expenses

For the Year Ended June 30, 2022

		Supporting services		
	Program services	Management and general	Fundraising	Total expenses
Salaries and Related Expenses				
Salaries	\$ 1,684,294	\$ 450,727	\$ 237,225	\$ 2,372,246
Payroll taxes	125,619	33,616	17,692	176,927
Employee benefits	147,279	39,413	20,744	207,436
Total salaries and related expenses	1,957,192	523,756	275,661	2,756,609
Other Expenses				
Equipment rental and maintenance	13,391	3,583	3,593	20,567
Insurance	40,807	10,920	5,748	57,475
Mentoring activities	41,053	-	-	41,053
Meals and entertainment	18,828	-	28,107	46,935
National program fees	33,064	8,848	4,657	46,569
Occupancy	36,095	8,535	9,511	54,141
Office supplies	4,561	1,220	762	6,543
Postage	3,281	878	2,284	6,443
Professional fees	124,719	130,141	16,268	271,128
Public relations	45,159	1,426	951	47,536
Subrecipient expenditures, state grants	490,043	-	-	490,043
Technology	107,416	28,745	46,718	182,879
Telephone	17,934	4,726	2,487	25,147
Travel and staff training	33,202	5,810	3,177	42,189
Bank and credit card fees	3,687	7,219	4,049	14,955
Miscellaneous	8,118	22,950	35,334	66,402
Total other expenses	1,021,358	235,001	163,646	1,420,005
Total expenses before depreciation	2,978,550	758,757	439,307	4,176,614
Depreciation expense	103,022	27,569	14,510	145,101
Total expenses	\$ 3,081,572	\$ 786,326	\$ 453,817	\$ 4,321,715

Big Brothers/Big Sisters of Middle Tennessee

Statement of Functional Expenses For the 18 Months Ended June 30, 2021

	Program services	Supporting services		Total expenses
		Management and general	Fundraising	
Salaries and Related Expenses				
Salaries	\$ 2,072,799	\$ 340,560	\$ 386,867	\$ 2,800,226
Payroll taxes	154,815	25,436	28,894	209,145
Employee benefits	240,046	39,438	44,805	324,289
Total salaries and related expenses	2,467,660	405,434	460,566	3,333,660
Other Expenses				
Equipment rental and maintenance	5,816	956	1,085	7,857
Fundraising events	-	-	47,252	47,252
Insurance	60,936	10,012	11,373	82,321
Mentoring activities	75,726	3,446	3,915	83,087
National program fees	58,419	-	-	58,419
Occupancy	44,792	7,361	8,359	60,512
Office supplies	21,575	3,544	4,027	29,146
Postage	6,322	1,040	1,180	8,542
Professional fees	123,899	220,390	13,830	358,119
Public relations	87,319	-	3,316	90,635
Subrecipient expenditures, state grants	166,728	-	-	166,728
Technology	110,278	18,118	20,583	148,979
Telephone	36,422	5,984	6,798	49,204
Travel and staff training	18,732	23,035	3,074	44,841
Bank and credit card fees	-	18,690	3,042	21,732
Miscellaneous	41,526	24,574	10,255	76,355
Total other expenses	858,490	337,150	138,089	1,333,729
Total expenses before depreciation and in-kind	3,326,150	742,584	598,655	4,667,389
Depreciation expense	101,488	16,458	19,200	137,146
In-kind expense	34,306	-	-	34,306
Total expenses	\$ 3,461,944	\$ 759,042	\$ 617,855	\$ 4,838,841

Big Brothers/Big Sisters of Middle Tennessee

Statements of Cash Flows

For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

	2022	2021
Cash, beginning of period	\$ 800,110	\$ 842,142
Cash flows from operating activities		
Change in net assets	3,399,457	311,030
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	145,101	137,146
Donated investments	(26,811)	-
PPP loan forgiveness	(361,892)	-
Change in:		
Accounts receivable	12,067	5,575
Grants receivable	126,049	(363,675)
Employee receivable	(15,211)	-
Prepaid expenses and other assets	49,032	(42,794)
Accounts payable and accrued expenses	(11,317)	76,581
Deferred revenues	22,000	-
Net cash provided (used) by operating activities	3,338,475	123,863
Cash flows from investing activities		
Purchase of equipment	(216,575)	(527,787)
Cash flows from financing activities		
Proceeds from sale of investments	26,811	-
Proceeds from PPP loan	-	361,892
Net cash provided (used) by financing activities	26,811	361,892
Net change in cash	3,148,711	(42,032)
Cash, end of period	\$ 3,948,821	\$ 800,110

Big Brothers/Big Sisters of Middle Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Big Brothers/Big Sisters of Middle Tennessee (a not-for-profit organization, the Organization) was 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.

Change in Year End

The Organization changed its fiscal year end from December 31 to June 30 in 2021. Accordingly, amounts as of and for the year ended June 30, 2022 are collectively referred to as current year and amounts for the 18 months ended June 30, 2021 are collectively referred to as prior period.

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 (US 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.

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. Cash as of June 30, 2022 consists of the following:

Cash – Operating	\$ 295,246
Cash – Reserves	3,651,910
Cash – Other	<u>1,665</u>
Total	\$ 3,948,821

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.

Big Brothers/Big Sisters of Middle Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

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 June 30, 2022 and 2021 are fully collectible.

Contributions of Nonfinancial Assets

The value of donated goods and services meeting the criteria for recognition are recorded as contributions of nonfinancial assets, with the corresponding expenses recorded, when the fair values of the goods and services are available.

Revenue Recognition

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 revenues 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
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

Note 1. Nature of Activities and Summary of Significant Accounting Policies

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.

New Accounting Pronouncement

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item separate from contributions of cash or other financial assets. It also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU has been applied retrospectively to all periods presented. Adoption of this ASU had no impact on net assets.

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 are as follows:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 3,948,821	\$ 800,110
Accounts receivable	-	12,067
Employee receivable	15,211	-
Grants receivable	<u>382,621</u>	<u>508,670</u>
Total financial assets at year-end	4,346,653	1,320,847
Less amounts not available to be used within one year		
Net assets with donor restrictions	105,000	193,159
Less: net assets with a purpose or time restrictions to be met in less than a year	<u>(105,000)</u>	<u>(193,159)</u>
	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,346,653	\$ 1,320,847

Big Brothers/Big Sisters of Middle Tennessee

Notes to Financial Statements For the Year Ended June 30, 2022 and the 18 Months Ended June 30, 2021

Note 3. **Property and Equipment**

Property and equipment consist of the following as:

	2022	2021
Building and improvement	\$ 1,885,677	\$ 1,790,018
Furniture and equipment	256,288	256,288
Software	587,218	370,643
Construction in progress	-	95,659
Less: accumulated depreciation	(969,118)	(824,017)
Property and equipment, net	<u>\$ 1,760,065</u>	<u>\$ 1,688,591</u>

Note 4. **PPP Loan**

On April 11, 2020, the Organization received a loan in the amount of \$371,200 in accordance with the PPP section of the CARES Act. On March 3, 2021, the Organization received a second draw in the amount of \$361,892 in accordance with the PPP section of the CARES Act.

The Organization has elected to treat the first PPP loan as revenue in the financial statements and recognized income in the amount of \$371,200 for the 18 months ended June 30, 2021. The loan was fully forgiven on July 8, 2021.

The Organization has elected to treat the second PPP loan as revenue in the financial statements and recognized income in the amount of \$361,892 for the year ended June 30, 2022. The loan was fully forgiven on December 7, 2021.

Note 5. **Line of Credit**

The Organization has a \$500,000 line of credit with a bank. The terms are one payment, with outstanding principal and interest due in May 2024, with monthly payments of all accrued unpaid interest due as of each payment date, beginning June 13, 2022. The interest rate is 4%. The outstanding balance was \$0 at June 30, 2022.

Note 6. **Contributions of Nonfinancial assets**

A summary of contributions of nonfinancial assets received and included as contributions and expense in the accompanying statements of activities is as follows:

	2022	2021
Meals and entertainment	\$ 20,529	\$ -
Fixed Assets	-	95,659
Mentoring activities	2,167	1,856
Professional fees	-	34,381
Total contributions of nonfinancial assets	<u>\$ 22,696</u>	<u>\$ 131,896</u>

Big Brothers/Big Sisters of Middle Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

Note 6. Contributions of Nonfinancial Assets

Unless otherwise noted, the Organization did not recognize any contributions of nonfinancial assets with donor-imposed restrictions. Contributed meals and entertainment was for special events. Contributions for mentoring activities included donated background checks. Contributed fixed assets were for building brick repair. In valuing these goods and services, the Organization estimated the fair value on the basis of wholesale values that would be received for selling similar products.

Note 7. Leases

The Organization has entered into non-cancellable operating lease agreements for certain office equipment. Rent expense totaled \$10,582 and \$23,579 in the current year and prior period, respectively. The future minimum lease payments under operating lease arrangements are as follows:

Year ended June 30,	
2023	2,160
2024	<u>1,800</u>
Total	\$ 3,960

Note 8. Net Assets Without Donor Restrictions

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

	2022	2021
Low-income youth	\$ 75,000	\$ 133,159
Maddox Charitable Gift	<u>30,000</u>	<u>60,000</u>
	\$ 105,000	\$ 193,159

Note 9. Concentrations

The Organization receives a substantial amount of its revenues 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 revenues from federal and state grants totaled 30% and 56%, in the current year and prior period, respectively.

The Organization receives a substantial amount of its revenues 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 revenues from this appeal totaled 9% and 15%, in the current year and prior period, respectively.

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. As of June 30, 2022 and 2021, \$3,869,481 and \$493,646, respectively, were in excess of federally insured limits.

Big Brothers/Big Sisters of Middle Tennessee

Notes to Financial Statements
For the Year Ended June 30, 2022
and the 18 Months Ended June 30, 2021

Note 10. 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 11. Subsequent Events

Management has evaluated subsequent events through January 26, 2023, the date on which the financial statements were available for issuance.

Supplementary Information

Big Brothers/Big Sisters of Middle Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

Grantor / Pass-through grantor	Program name	Assistance listing	Contract number	Expenditures
Federal Awards				
United States Department of Agriculture				
Tennessee Office of Criminal Justice Programs	Crime Victim Assistance	16.575	44259	\$ 32,974
Tennessee Office of Criminal Justice Programs	Crime Victim Assistance	16.575	35132	400,000
				<u>432,974</u>
United States Department of Health and Human Services				
Tennessee Department of Health and Human Services	Temporary Assistance for Needy Families (TANF)	93.558	62259	499,923
Tennessee Department of Mental Health and Substance Abuse Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	69867	297,515
Tennessee Department of Mental Health and Substance Abuse Services	COVID - 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	73730	200,000
				<u>997,438</u>
Total federal awards				1,430,412
State Financial Assistance				
Tennessee Department of Mental Health & Tennessee Department of Correction	Regional Training Program - Substance Abuse Services	N/A	N/A	250,000
Tennessee Department of Education	Tennessee Amachi Mentoring Program	N/A	N/A	450,000
Total state financial assistance				<u>700,000</u>
Total federal awards and state financial assistance				\$ 2,130,412

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the organization for the year June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* requirements for Federal Awards (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 position, or cash flows of the Organization. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 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 matching requirements for Assistance listing 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***

Board of Directors
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 Brothers/Big Sisters of Middle (a not-for-profit organization, the Organization), which comprise the statement of financial position as of June 30, 2022, 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 January 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
January 26, 2023



**Independent Auditors' Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors
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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*); and the audit requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
January 26, 2023

Big Brothers/Big Sisters of Middle Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US 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 programs (Assistance Listing and name of federal program or cluster)	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

Big Brothers/Big Sisters of Middle Tennessee
Schedule of Prior Year Findings
For the Year Ended June 30, 2022

Section I. **Financial Statement Findings**

There were no prior year findings reported.

Section II. **Federal Award Findings and Questioned Costs**

There were no prior year findings or questioned costs reported.