

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022 AND 2021

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022 AND 2021

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TENNESSEE VOICES FOR CHILDREN, INC.

LIST OF BOARD OF DIRECTORS

JUNE 30, 2022

BOARD OF DIRECTORS

President: Brian Shulman
Immediate Past President: Patrick Sims
Treasurer: Devika Kumar
Secretary: Krischan Krayner
Valentina Alexander
Andrew Buckwalter
Stacey Downs
Laura Fair
Sarah Kmita
Morenike Murphy
Chad Poff

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Voices for Children, Inc.
Nashville, Tennessee

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Tennessee Voices for Children, Inc. ("TVC") which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tennessee Voices for Children, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TVC and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

RESPONSIBILITIES OF MANAGEMENT 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.

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 TVC's ability to continue as a going concern within one year after the date that the financial statements are 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 TVC'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 TVC'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.

REPORT ON 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 on pages 22-23 and schedule of expenditures of state awards on page 24, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Tennessee Audit Manual, respectively, are 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 on pages 22-25 has been subjected to the auditing procedures applied in the audit of the financial 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 GAAS. In our opinion the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the financial statements. The other information comprises the Listing of Board of Directors on page i but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 on the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 20, 2022 on our consideration of Tennessee Voices for Children, Inc.'s internal control over financial reporting and on our test 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 TVC'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 TVC's internal control over financial reporting and compliance.

Handwritten signature of Kraft CPAs PLLC in black ink.

Nashville, Tennessee
December 20, 2022

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 326,117	\$ 424,863
Investments	1,939,941	2,742,974
Grants receivable	1,876,807	1,265,496
Contributions receivable	505,714	543,285
Other contracts receivable	283,013	292,894
Prepaid expenses and other	64,049	85,377
Property, building and equipment, net	<u>4,133,069</u>	<u>2,437,002</u>
TOTAL ASSETS	<u>\$ 9,128,710</u>	<u>\$ 7,791,891</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 309,786	\$ 240,614
Accrued expenses	138,253	498,680
Notes payable	<u>1,146,914</u>	<u>1,163,785</u>
TOTAL LIABILITIES	<u>1,594,953</u>	<u>1,903,079</u>
<u>NET ASSETS</u>		
Without donor restrictions	7,011,326	5,335,305
With donor restrictions	<u>522,431</u>	<u>553,507</u>
TOTAL NET ASSETS	<u>7,533,757</u>	<u>5,888,812</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,128,710</u>	<u>\$ 7,791,891</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
SUPPORT AND REVENUE						
Grants	\$ 8,682,286	\$ -	\$ 8,682,286	\$ 5,140,249	\$ -	\$ 5,140,249
Housing services	1,986,767	-	1,986,767	440,710	-	440,710
Other contracts	132,766	-	132,766	63,298	-	63,298
Contributions of cash	113,334	2,429	115,763	110,252	1,636	111,888
Contributions of nonfinancial assets	4,480	-	4,480	309,996	-	309,996
Investment (loss) income, net	(203,524)	-	(203,524)	427,300	-	427,300
Miscellaneous	23,823	-	23,823	11,524	-	11,524
Net assets released from restriction	33,505	(33,505)	-	60,388	(60,388)	-
TOTAL SUPPORT AND REVENUE	10,773,437	(31,076)	10,742,361	6,563,717	(58,752)	6,504,965
EXPENSES						
Program services	7,605,849	-	7,605,849	4,686,919	-	4,686,919
Supporting services:						
Management and general	1,237,532	-	1,237,532	747,345	-	747,345
Fundraising	254,035	-	254,035	107,319	-	107,319
TOTAL EXPENSES	9,097,416	-	9,097,416	5,541,583	-	5,541,583
CHANGE IN NET ASSETS	1,676,021	(31,076)	1,644,945	1,022,134	(58,752)	963,382
NET ASSETS - BEGINNING OF YEAR	5,335,305	553,507	5,888,812	4,313,171	612,259	4,925,430
NET ASSETS - END OF YEAR	\$ 7,011,326	\$ 522,431	\$ 7,533,757	\$ 5,335,305	\$ 553,507	\$ 5,888,812

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	THERAPEUTIC SERVICES	COMMUNITY SUPPORT SERVICES	HOUSING SERVICES	PROGRAM ENHANCEMENT SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 545,942	\$ 2,607,733	\$ 669,693	\$ 14,271	\$ 3,837,639	\$ 733,688	\$ 138,554	\$ 872,242	\$ 4,709,881
Employee benefits	59,620	200,269	31,896	1,433	293,218	26,828	6,215	33,043	326,261
Payroll taxes	41,465	202,870	52,589	802	297,726	50,311	10,686	60,997	358,723
TOTAL PAYROLL AND RELATED EXPENSES	647,027	3,010,872	754,178	16,506	4,428,583	810,827	155,455	966,282	5,394,865
Conferences and meetings	23,086	147,832	2,105	-	173,023	39,574	13,118	52,692	225,715
Event expense	-	-	-	-	-	-	58,421	58,421	58,421
Depreciation	-	-	55,308	-	55,308	27,748	-	27,748	83,056
Insurance	5,015	17,927	9,595	8	32,545	3,836	447	4,283	36,828
Interest	-	-	-	-	-	54,442	-	54,442	54,442
Miscellaneous	8,821	190,137	7,668	-	206,626	14,811	5,659	20,470	227,096
Occupancy	7,400	9,594	156,685	-	173,679	27,088	7	27,095	200,774
Office supplies	27,855	260,301	215,582	15	503,753	19,365	6,145	25,510	529,263
Printing	35,886	50,068	15,305	2	101,261	2,704	1,799	4,503	105,764
Professional	49,932	343,199	1,256,031	4,284	1,653,446	212,942	9,859	222,801	1,876,247
Telephone and internet	11,194	49,267	17,532	2	77,995	3,118	150	3,268	81,263
Travel	27,379	158,382	8,111	5,758	199,630	21,077	2,975	24,052	223,682
TOTAL FUNCTIONAL EXPENSES	\$ 843,595	\$ 4,237,579	\$ 2,498,100	\$ 26,575	\$ 7,605,849	\$ 1,237,532	\$ 254,035	\$ 1,491,567	\$ 9,097,416

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	<div>THERAPEUTIC SERVICES</div>	<div>COMMUNITY SUPPORT SERVICES</div>	<div>HOUSING SERVICES</div>	<div>PROGRAM ENHANCEMENT SERVICES</div>	<div>TOTAL PROGRAM SERVICES</div>	<div>MANAGEMENT AND GENERAL</div>	<div>FUNDRAISING</div>	<div>TOTAL SUPPORTING SERVICES</div>	
Salaries	\$ 607,785	\$ 1,679,406	\$ 410,442	\$ -	\$ 2,697,633	\$ 530,634	\$ 58,693	\$ 589,327	\$ 3,286,960
Employee benefits	37,960	112,756	14,380	-	165,096	23,987	5,522	29,509	194,605
Payroll taxes	39,549	132,635	31,739	-	203,923	36,748	3,737	40,485	244,408
TOTAL PAYROLL AND RELATED EXPENSES	685,294	1,924,797	456,561	-	3,066,652	591,369	67,952	659,321	3,725,973
Conferences and meetings	38,904	196,564	308	-	235,776	7,995	4,793	12,788	248,564
Event expense	-	-	-	-	-	-	7,769	7,769	7,769
Depreciation	-	-	-	-	-	32,594	-	32,594	32,594
Insurance	4,589	17,616	2,097	-	24,302	2,501	366	2,867	27,169
Interest	-	-	-	-	-	12,342	-	12,342	12,342
Miscellaneous	2,130	93,622	16,617	100	112,469	2,669	833	3,502	115,971
Occupancy	7,981	14,211	51,716	-	73,908	13,122	37	13,159	87,067
Office supplies	61,850	111,114	45,144	523	218,631	18,573	8,339	26,912	245,543
Printing	53,864	36,751	10,333	-	100,948	10,339	4,588	14,927	115,875
Professional	77,764	166,311	504,322	21,700	770,097	50,494	12,167	62,661	832,758
Telephone and internet	15,316	29,471	9,491	-	54,278	4,046	212	4,258	58,536
Travel	2,202	25,499	1,934	223	29,858	1,301	263	1,564	31,422
TOTAL FUNCTIONAL EXPENSES	\$ 949,894	\$ 2,615,956	\$ 1,098,523	\$ 22,546	\$ 4,686,919	\$ 747,345	\$ 107,319	\$ 854,664	\$ 5,541,583

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,644,945	\$ 963,382
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	83,056	32,594
Realized and unrealized losses (gains) on investments	203,524	(365,562)
Contributions related to in-kind donations of property	-	(309,996)
Contributions related to in-kind donations of investments	-	(10,156)
(Increase) decrease in:		
Grants receivable	(611,311)	(474,821)
Contributions receivable	37,571	38,364
Other contracts receivable	9,881	(286,854)
Prepaid expenses and other	21,328	(61,479)
Increase (decrease) in:		
Accounts payable	69,172	140,451
Accrued expenses	(360,427)	200,997
Deferred revenue	-	(1,500)
TOTAL ADJUSTMENTS	<u>(547,206)</u>	<u>(1,097,962)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,097,739</u>	<u>(134,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,732,046)	(136,008)
Purchases of investments	(850,491)	(61,273)
Sale of investments	<u>1,450,000</u>	<u>205,676</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,132,537)</u>	<u>8,395</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	<u>(63,948)</u>	<u>(12,446)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(63,948)</u>	<u>(12,446)</u>
DECREASE IN CASH	(98,746)	(138,631)
CASH - BEGINNING OF YEAR	<u>424,863</u>	<u>563,494</u>
CASH - END OF YEAR	<u>\$ 326,117</u>	<u>\$ 424,863</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
CASH PAID FOR		
Interest	<u>\$ 54,442</u>	<u>\$ 12,342</u>
NON-CASH TRANSACTIONS		
Property and equipment purchased through issuance of notes payable	<u>\$ 47,077</u>	<u>\$ 1,176,231</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Tennessee Voices for Children, Inc. (d/b/a TN Voices) (“TVC” or the “Agency”) is a statewide advocacy agency for families whose children have emotional, behavioral and/or mental health issues. Its mission is to be the collaborative leader guiding mental health transformation and vision is to build hope for all generations. TVC takes an active role in the development of family-friendly policies and encourages and supports family involvement on advisory boards such as the statewide Mental Health Planning Council, Behavioral Health Organizations, advisory councils, and community planning groups. Funding for TVC’s services is provided principally by federal and state grants and certain contract revenues.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of TVC on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Resources are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions, 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 Agency’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no donor restrictions that are perpetual in nature.

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 Statements of Activities.

Revenue Recognition

Revenues are recognized when control of services is transferred to customers, in an amount that reflects the consideration the Agency expects to be entitled to in exchange for those products and services. The Agency does not have any significant financing components as payment is expected shortly after products or services is transferred to customers. Additionally, there is no variable consideration. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

For performance obligations related to services, control transfers to the customer at a point in time. Total revenue recorded based on performance obligations satisfied at a point in time was \$2,116,658 and \$504,008 for the years ended June 30, 2022 and 2021, respectively.

Contributions and Support

TVC receives grant revenues from various federal, state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant funds received prior to expenditure are recorded initially as deferred revenue. At June 30, 2022, the Agency had remaining available award balances on federal and state conditional grants and contracts of approximately \$472,000 that have not been recognized as revenue because qualifying expenditures have not yet been incurred.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right to return of asset transferred or a right of release of a promisor's obligation to transfer assets exist. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

TVC reports any gifts of property, equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at their net realizable values. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received (2.11% in 2022 and 2021). Amortization of the discount is recognized on the interest method over the term of the gift and included in contributions receivable.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Receivables

Contract receivables relate to fee for service contracts and are reported at their gross contract amount less any applicable payments or adjustments. For the year ended June 30, 2022, accounts receivable related to these service contacts were \$275,865 at the beginning of the year and \$277,475 at the end of the year. For the year ended June 30, 2021, accounts receivable related to these service contacts were \$4,775 at the beginning of the year and \$275,865 at the end of the year.

Contributed Nonfinancial Assets

The Agency records support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor, at the estimated fair value of the services received. Contributed nonfinancial assets did not have donor-imposed restrictions. During the year ended June 30, 2022, the Agency recognized \$4,480 in contributed advertising services utilized for the Agency's fundraising event, valued at the estimated fair value based on current rates for similar advertising services. During the year ended June 30, 2021, the Agency recognized \$309,996 in contributed buildings for the Agency's housing services. In valuing the contributed building, which is located in middle Tennessee, the Agency estimated the fair value on the basis of the property tax assessor's valuation.

Allowance for Uncollectible Accounts

An allowance for uncollectible receivables is not provided in the financial statements based on management's assessment of specific accounts and historical collection experience.

Cash

Cash consists principally of checking account balances.

Investments

Investments consist of money market funds and mutual funds. Money market funds and mutual funds are carried at their quoted market value on the last business day of the reporting period. Changes in unrealized gains and losses are recognized currently in the Statement of Activities for the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the Statements of Activities.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Building and Equipment

Property, building and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to TVC. TVC's policy is to capitalize expenditures with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows: five to seven years for furniture and equipment and fifteen to forty years for the building and improvements.

Fair Value Measurements

TVC classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid securities and certain other products, such as money market funds and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

There have been no changes in the valuation methodologies used at June 30, 2022 and 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TVC believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - Consists of Therapeutic Services, Community Support Services, Housing Services and Program Enhancement Services.

Therapeutic Services - Brief descriptions of the Agency's programs included under Therapeutic Services are as follows:

Juvenile Justice Reform ("JJR") - This program is a collaborative effort (to divert families from further court and DCS involvement) between TVC, the Mental Health and Substance Abuse Department, and the Montgomery, Robertson and Sumner county Juvenile Courts. The JJR program is a strength-based and family-driven program that supports children, youth and families involved in the Juvenile Justice system. In the JJR program, a Family Support Provider and Youth and Family Therapist meets weekly with both youth and parents to help them identify strength-based goals that address issues that may be contributing to the youth's court involvement.

Intensive In-Home Family Preservation Services ("Family Connection") - provides families the tools they need to maintain children and youth with complex needs at home, in school, and in the community. The program is family-driven, providing assistance in navigating the child-serving systems, advocacy, support, and therapeutic skill-building to prevent placement outside the home to a higher level of care. Program staff ensures that caregivers are an integral part of the intervention at all stages.

Community Support Services - Brief descriptions of the Agency's programs included under Community Support Services are as follows:

Statewide Family Support Network ("SFSN") - provides valuable support, information and training to parents and caregivers across the state, empowering them to successfully "navigate" the complex child-serving systems to obtain the services necessary for their children and youth with emotional and behavioral disorders. SFSN staff provides direct assistance, support groups, information and skill-based training, family representation on over 145 councils and coalitions, Youth in Action Council facilitation, and outreach to schools, mental health providers, and policy-makers in Tennessee.

Early Childhood Programs - Provides on-site consultation and training to parents and staff associated with childcare and Head Start programs throughout Tennessee. Program staff is also involved in state and national research to identify effective strategies for working with young children with challenging behaviors.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services: Community Support Services (Continued)

Survivor Connection - This program provides high quality intensive in-home services that directly improve the health and well-being of victims of crime with priority given to victims of child abuse, domestic violence, sexual assault and services for underserved victims. TVC intends to respond to the emotional and physical needs of crime victims, assist to stabilize their lives after victimization, assist victims in understanding and participating in the criminal justice system and provide victims of crime with a measure of safety and security. A wraparound team provides support and teaches families to advocate for themselves and utilize both formal and informal supports in the community.

System of Care Across Tennessee - In partnership with the Tennessee Department of Mental Health and Substance Abuse Services, the Tennessee Commission on Children and Youth and Centerstone Research Institute, TVC provides high-fidelity wraparound services to children, youth, young adults (0-21) and their families in Clay County, Cocke County and Decatur County. These services are designed to support those with the highest level of behavioral health need. Each county employs a Family Support Specialist and a Care Coordinator who work as a team with enrolled youth and families driving the services they receive.

Housing Services - Brief descriptions of the Agency's programs included under Housing Services are as follows:

Intensive Long-Term Support ("ILS") - provides intensive long-term, wrap-around support services that are community-based and long-term recovery oriented. Onsite services include psychiatric, nursing, case management and treatment services, as well as living skills development and community activity participation. ILS provides a supported living environment with services mentioned above, designed to allow discharge of service recipients from Middle Tennessee Mental Health Institute.

Program Enhancement Services - Includes programs that contribute to the overall mission of the Agency.

Supporting Services

Management and General - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

The expenses that are allocated include salaries and related expenses, conferences and meetings, insurance, miscellaneous, occupancy, office supplies, printing, professional, telephone and internet, and travel, which are allocated on the basis of estimates of time and effort. Accordingly, expenses have been allocated among the program activities consisting of the Agency's grant program and related supervisory and advisory services and supporting services consisting of the Agency's administration and management and fundraising functions. Functional expenses may be direct or indirect.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

TVC qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

TVC files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing TVC's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities. As a result of ASU 2020-05, the standard will now be effective for fiscal years beginning after December 15, 2021. The Agency is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the activities or changes in net assets as previously reported.

Events Occurring After Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2022 and December 20, 2022, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position, comprise the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 326,117	\$ 424,863
Investments	1,939,941	2,742,974
Grants receivable	1,876,807	1,265,496
Other contracts receivable	283,013	292,894
Less: assets restricted by donor for purpose restrictions	<u>(16,717)</u>	<u>(10,222)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,409,161</u>	<u>\$ 4,716,005</u>

As part of the liquidity management plan, the Agency invests cash in excess of normal requirements in short-term investments and money market funds.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Grants receivable represent concentrations of credit risk to the extent the grants are receivable from concentrated sources. The Agency receives approximately 79% of its funding from federal, state and local grants and contracts.

The Agency maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. At times, the Agency's deposits at financial institutions may exceed federally insured limits. The Agency has not experienced any losses in such accounts and management considers this to be a normal business risk.

Certain cash and securities held in broker/dealer accounts are insured by the Securities Investor Protection Corporation ("SIPC"), up to \$500,000 per broker/dealer (including a maximum of \$250,000 for cash claims), in certain circumstances such as fraud or failure of the institution. The SIPC does not insure against market risk.

NOTE 4 - INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 765,311	\$ 513,316
Mutual funds	<u>1,174,630</u>	<u>2,229,658</u>
	<u>\$ 1,939,941</u>	<u>\$ 2,742,974</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
State of Tennessee Department of Mental Health	\$ 1,648,415	\$ 1,054,774
Substance Abuse and Mental Health Services Administration	21,313	39,862
State of Tennessee Department of Children's Services	109,920	50,708
Tennessee State University	20,706	3,470
State of Tennessee Department of Finance and Administration	<u>76,453</u>	<u>116,682</u>
	<u>\$ 1,876,807</u>	<u>\$ 1,265,496</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 40,000	\$ 40,000
Receivable in one to five years	160,000	160,000
Receivable in greater than five years	<u>440,000</u>	<u>480,000</u>
Total unconditional promises to give	640,000	680,000
Less discount to net present value	<u>(134,286)</u>	<u>(136,715)</u>
Contributions receivable	<u><u>\$ 505,714</u></u>	<u><u>\$ 543,285</u></u>

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT

Property, building, and equipment consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,074,553	\$ 704,987
Building and improvements	3,078,440	1,715,675
Furniture and equipment	<u>216,718</u>	<u>169,926</u>
	4,369,711	2,590,588
Less: accumulated depreciation	<u>(236,642)</u>	<u>(153,586)</u>
	<u><u>\$ 4,133,069</u></u>	<u><u>\$ 2,437,002</u></u>

During the year ended June 30, 2022, the Tennessee Department of Mental Health and Substance Abuse Services granted TVC \$1,000,000 for the purchase of real property to be used in the Agency's housing services in Jackson, TN. The property is restricted for use in the Agency's housing services until July 30, 2041.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 8 - FAIR VALUE MEASUREMENTS

The following table set forth TVC's major categories of assets measured at fair value on a recurring basis, by level, within the fair value hierarchy, as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2022</u>				
Investments:				
Money Market Funds	\$ 765,311	\$ -	\$ -	\$ 765,311
Mutual Funds:				
Bond Fund	402,270	-	-	402,270
Growth and Income Fund	318,194	-	-	318,194
Growth Fund	107,934	-	-	107,934
Balance Fund	<u>346,232</u>	<u>-</u>	<u>-</u>	<u>346,232</u>
Total investments at fair value	<u>\$ 1,939,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,941</u>
<u>2021</u>				
Investments:				
Money Market Funds	\$ 513,316	\$ -	\$ -	\$ 513,316
Mutual Funds:				
Bond Fund	556,205	-	-	556,205
Growth and Income Fund	727,161	-	-	727,161
Growth Fund	448,178	-	-	448,178
Balance Fund	<u>498,114</u>	<u>-</u>	<u>-</u>	<u>498,114</u>
Total investments at fair value	<u>\$ 2,742,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,742,974</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 9 - NOTES PAYABLE

Notes payable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Term mortgage note with bank, payable in monthly installments of \$6,528, including interest at 4.4% through February 2026, with any unpaid principal due March 30, 2026; secured by property with carrying value of \$1,048,690 at June 30, 2022	\$ 992,884	\$ 1,026,822
Term mortgage note with bank, payable in monthly installments of \$2,601, including interest at 4% through April 2026; secured by property with carrying value of \$435,929 at June 30, 2022	115,583	136,963
Term automobile note with creditor, payable in monthly installments of \$850, including interest at 3.19% through August 2026; secured by property with carrying value of \$42,639 at June 30, 2022	<u>38,447</u>	<u>-</u>
	<u>\$ 1,146,914</u>	<u>\$ 1,163,785</u>

Annual principal installments payments of notes payable as of June 30, 2022 follow:

Year ending June 30,

2023	\$ 75,998
2024	74,711
2025	77,831
2026	917,527
Thereafter	<u>847</u>
	<u>\$ 1,146,914</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022 AND 2021

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Time restrictions - contributions receivable	\$ 505,714	\$ 543,285
Purpose restrictions - counseling program	<u>16,717</u>	<u>10,222</u>
	<u>\$ 522,431</u>	<u>\$ 553,507</u>

NOTE 11 - RISKS AND CONTINGENCIES

The Agency has received various government grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to grantors.

NOTE 12 - EMPLOYEE BENEFIT PLAN

TVC sponsors the Tennessee Voices for Children 403(b) Plan (the "Plan") under Section 403(b) of the Internal Revenue Code established on January 1, 2009. All employees are eligible to make elective deferrals on the first of the month following their date of hire. Upon completion of one month of service, employees become eligible for matching and nonelective contributions.

TVC may make discretionary matching and nonelective contributions to the Plan. TVC's discretionary match was 2% from July 1, 2020 through September 30, 2021, 3% from October 1, 2021 through December 31, 2021, and 4% from January 1, 2022 through June 30, 2022. Total contributions amounted to \$56,116 and \$28,284 for the years ended June 30, 2022 and 2021, respectively.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to the fiscal year-end, the Agency purchased property in Old Hickory, Tennessee for \$504,300 on July 18, 2022 to be used for the housing services program. The purchase was made in cash and later, on August 24, 2022, the Agency entered into a mortgage loan agreement with ServisFirst Bank to finance the purchase. The loan agreement is in the amount of \$504,500 and bears interest at a fixed rate of 5.87%. The payments of principal and interest will be amortized over 300 months. Interest on the outstanding principal balance is due monthly with the first installment beginning on September 24, 2022. The entire outstanding principal balance, together with all accrued and unpaid interest, shall be immediately due and payable in full on September 24, 2027.

ADDITIONAL INFORMATION

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2021	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2022
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH							
System of Care Across Tennessee (SOCAT) TANF Initiative	93.558	70390	04/01/21 - 06/30/21	\$ 97,439	\$ 97,439	\$ -	\$ -
System of Care Across Tennessee (SOCAT) TANF Initiative	93.558	70518	07/01/21 - 06/30/22	-	469,111	607,255	138,144
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	71973	09/30/21 - 09/29/22	-	891,126	1,107,117	215,991
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	69558	02/01/21 - 09/29/21	116,264	116,264	-	-
Block Grants for Community Mental Health Services	*	93.958	07/01/21 - 06/30/24	-	164,639	189,999	25,360
Block Grants for Community Mental Health Services	*	93.958	07/01/20 - 06/30/21	72,564	72,564	-	-
Block Grants for Community Mental Health Services	*	93.958	07/01/21 - 06/30/22	-	108,465	120,010	11,545
Block Grants for Community Mental Health Services	*	93.958	07/01/20 - 06/30/21	27,414	27,414	-	-
Block Grants for Community Mental Health Services	*	93.958	07/01/21 - 06/30/22	-	98,152	135,778	37,626
Block Grants for Community Mental Health Services	*	93.958	07/01/20 - 06/30/21	36,484	36,484	-	-
Block Grants for Community Mental Health Services	*	93.958	07/01/20 - 06/30/21	234,072	234,072	-	-
Block Grants for Community Mental Health Services	*	93.958	07/01/21 - 06/30/22	-	814,783	1,033,732	218,949
Block Grants for Community Mental Health Services	*	93.958	07/01/21 - 06/30/22	-	29,150	183,664	154,514
Block Grants for Community Mental Health Services	*	93.958	07/15/21 - 03/14/23	-	209,965	288,870	78,905
Block Grants for Prevention and Treatment of Substance Abuse	93.959	69867	07/01/21 - 06/30/22	-	72,889	109,463	36,574
Block Grants for Prevention and Treatment of Substance Abuse	93.959	65807	07/01/20 - 06/30/21	10,620	10,620	-	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	65932	03/31/20 - 03/30/21	27,135	27,135	-	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	69433	03/31/21 - 03/30/22	-	248,765	271,918	23,153
TOTAL PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH				621,992	3,729,037	4,047,806	940,761
PASSED THROUGH SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION							
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	09/30/20 - 09/29/21	30,014	30,014	-	-
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	09/30/21 - 09/29/22	-	13,685	22,765	9,080
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	04/30/22 - 04/29/23	-	94,499	106,732	12,233
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	04/30/21 - 04/29/22	9,848	9,848	-	-
TOTAL PASSED THROUGH SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				39,862	148,046	129,497	21,313
PASSED THROUGH TENNESSEE STATE UNIVERSITY							
Child Care and Development Block Grant	93.575	N/A	10/01/21 - 09/30/22	-	17,374	38,080	20,706
Child Care and Development Block Grant	93.575	N/A	10/01/20 - 09/30/21	3,470	3,470	-	-
TOTAL PASSED THROUGH TENNESSEE STATE UNIVERSITY				3,470	20,844	38,080	20,706
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				665,324	3,897,927	4,215,383	982,780
U.S. OFFICE FOR VICTIMS OF CRIME							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION							
VOCA Serving Youth and Youth Adults with Trauma - Survivor Connection	16.575	35693	07/01/21 - 06/30/22	116,682	561,393	521,164	76,453
TOTAL U.S. OFFICE FOR VICTIMS OF CRIME				116,682	561,393	521,164	76,453

* Considered a major program under Title 2 U.S. Code of Federal Regulations (CFR) Part 200

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2021	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2022
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES							
Child Abuse Prevention	93.590	57265	07/01/21 - 06/30/22	\$ -	\$ 30,628	\$ 43,359	\$ 12,731
Child Abuse Prevention	93.590	57265	07/01/20 - 06/30/21	<u>8,490</u>	<u>8,490</u>	<u>-</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				<u>8,490</u>	<u>39,118</u>	<u>43,359</u>	<u>12,731</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 790,496</u>	<u>\$ 4,498,438</u>	<u>\$ 4,779,906</u>	<u>\$ 1,071,964</u>

* Considered a major program under *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*

Summary of Expenditures by CFDA Number

16.575	\$ 521,164
93.104	1,107,117
93.243	401,415
93.558	607,255
93.575	38,080
93.590	43,359
93.958	1,952,053
93.959	<u>109,463</u>
Total	<u>\$ 4,779,906</u>

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 25.

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Grant Description	Grant Number	Grant Period	Accrued (Deferred) 7/1/2021	State Receipts	Expenditures	Other Adjustments	Accrued (Deferred) 6/30/2022
STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH							
Family Support and Advocacy	70036	07/01/21 - 06/30/22	\$ -	\$ 320,591	\$ 390,762	\$ -	\$ 70,171
Family Support and Advocacy	66401	07/01/20 - 06/30/21	97,985	97,985	-	-	-
School and Communities Youth Screen Program	70092	07/01/21 - 06/30/22	-	113,094	179,527	-	66,433
School and Communities Youth Screen Program	66703	07/01/20 - 06/30/21	92,870	92,870	-	-	-
Tennessee Resiliency Project	73352	02/01/22 - 06/30/22	-	185,305	547,145	-	361,840
Juvenile Justice Reform Local Diversion Grant	70283	07/01/21 - 06/30/22	-	290,866	371,272	-	80,406
Juvenile Justice Reform Local Diversion Grant	66645	07/01/20 - 06/30/21	128,279	128,279	-	-	-
Intensive Long-Term Support - East TN (building)	70055	07/01/21 - 06/30/23	-	572,896	579,968	-	7,072
Intensive Long-Term Support - West TN (building)	71063	06/01/21 - 06/30/22	-	1,000,000	1,000,000	-	-
Tennessee Move Initiative	66860	07/01/20 - 06/30/21	95,882	95,882	-	-	-
Tennessee Move Initiative	69922	07/01/21 - 06/30/22	-	330,023	395,194	-	65,171
ILS - Middle TN (building)	70055	07/01/21 - 06/30/22	-	3,552	52,162	-	48,610
BHSN (Adult)	62130	10/01/21 - 06/30/22	-	19,593	19,593	-	-
Family Support Providers in Juvenile Courts	70034	07/01/21 - 06/30/22	-	52,049	60,000	-	7,951
Family Support Providers in Juvenile Courts	66699	07/01/20 - 06/30/21	17,766	17,766	-	-	-
TOTAL STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH			<u>432,782</u>	<u>3,320,751</u>	<u>3,595,623</u>	<u>-</u>	<u>707,654</u>
STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES							
Assessments	N/A	07/01/21 - 06/30/22	-	34,200	41,645	17,835	25,280
Intensive In-Home Family Preservation Services	56224	07/01/21 - 06/30/22	-	179,231	251,140	-	71,909
Intensive In-Home Family Preservation Services	56224	07/01/20 - 06/30/21	24,383	24,383	-	-	-
TOTAL STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES			<u>24,383</u>	<u>237,814</u>	<u>292,785</u>	<u>17,835</u>	<u>97,189</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 457,165</u>	<u>\$ 3,558,565</u>	<u>\$ 3,888,408</u>	<u>\$ 17,835</u>	<u>\$ 804,843</u>

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 25.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the "Schedules") include the federal and state grant activity, respectively, of the Agency and are presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in the Schedule of Expenditures of State awards is presented in accordance with the requirements of the State of Tennessee Audit Manual. Because the Schedules present only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules 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. The organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

The Agency does not pass any federal awards through to subrecipients.

OTHER REPORTS

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
Tennessee Voices for Children, Inc.
Nashville, 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 ("*Government Auditing Standards*"), the financial statements of Tennessee Voices for Children, Inc. ("TVC"), which comprise the statement of financial position as of June 30, 2022, 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 December 20, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered TVC'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 TVC's internal control. Accordingly, we do not express an opinion on the effectiveness of TVC'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 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 have not been identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether TVC'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.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, stylized font.

Nashville, Tennessee
December 20, 2022

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

Board of Directors
Tennessee Voices for Children, Inc.
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Tennessee Voices for Children, Inc.'s ("TVC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TVC's major federal programs for the year ended June 30, 2022. TVC'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, TVC 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 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 ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TVC 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 TVC'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 TVC'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 TVC'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 TVC'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 TVC'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 TVC'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 TVC'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 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 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 have not been 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.

Handwritten signature in black ink that reads "Kraft CPAs PLLC".

Nashville, Tennessee
December 20, 2022

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x 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)?

_____yes x no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.958	Block Grants for Community Mental Health Services

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

There were no audit findings in the prior or current year.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs in the prior or current year.