

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021 AND 2020

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021 AND 2020

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TENNESSEE VOICES FOR CHILDREN, INC.

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2021

BOARD OF DIRECTORS

President: Patrick Sims
President Elect: Brian Shulman
Treasurer: Bill Kirby
Secretary: Krischan Kraye
Andrew Buckwalter
Laura Fair
Sarah Kmita
Devika Kumar
Chad Poff
Valentina Alexander
Catherine Fuchs
Morenike Murphy

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Tennessee Voices for Children, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Voices for Children, Inc. as of June 30, 2021 and 2020, 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.

OTHER MATTERS

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Tennessee Voices for Children taken as a whole. The other information on page i and the additional information on pages 21-24 is presented for additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 21-22 and 24, as required by Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The board of directors listing on page i and the schedule of expenditures of state financial assistance on page 23, is required by the *Audit Manual* issued by the Comptroller of the Treasury of the State of Tennessee. 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 21-24 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.

The other information on page i has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 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 Tennessee Voices for Children'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 Tennessee Voices for Children, Inc.'s internal control over financial reporting and compliance.



Nashville, Tennessee
December 9, 2021

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 424,863	\$ 563,494
Investments	2,742,974	2,511,659
Grants receivable	1,247,661	772,840
Contributions receivable	543,285	581,649
Other contracts receivable	310,729	23,875
Prepaid expenses and other	85,377	23,898
Property, building and equipment, net	<u>2,437,002</u>	<u>847,361</u>
TOTAL ASSETS	<u>\$ 7,791,891</u>	<u>\$ 5,324,776</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 240,614	\$ 100,163
Accrued expenses	498,680	297,683
Deferred revenue	-	1,500
Notes payable	<u>1,163,785</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,903,079</u>	<u>399,346</u>
<u>NET ASSETS</u>		
Without donor restrictions	5,335,305	4,313,171
With donor restrictions	<u>553,507</u>	<u>612,259</u>
TOTAL NET ASSETS	<u>5,888,812</u>	<u>4,925,430</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,791,891</u>	<u>\$ 5,324,776</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
SUPPORT AND REVENUE						
Grants	\$ 5,015,020	\$ -	\$ 5,015,020	\$ 3,077,299	\$ -	\$ 3,077,299
Other contracts	629,237	-	629,237	97,853	-	97,853
Contributions	420,248	1,636	421,884	253,799	676,649	930,448
Investment income, net	427,300	-	427,300	100,762	-	100,762
Miscellaneous	11,524	-	11,524	33,196	-	33,196
Net assets released from restriction	60,388	(60,388)	-	64,390	(64,390)	-
TOTAL SUPPORT AND REVENUE	6,563,717	(58,752)	6,504,965	3,627,299	612,259	4,239,558
EXPENSES						
Program services	4,686,919	-	4,686,919	2,781,462	-	2,781,462
Supporting services:						
Management and general	747,345	-	747,345	665,474	-	665,474
Fundraising	107,319	-	107,319	103,314	-	103,314
TOTAL EXPENSES	5,541,583	-	5,541,583	3,550,250	-	3,550,250
CHANGE IN NET ASSETS	1,022,134	(58,752)	963,382	77,049	612,259	689,308
NET ASSETS - BEGINNING OF YEAR	4,313,171	612,259	4,925,430	4,236,122	-	4,236,122
NET ASSETS - END OF YEAR	\$ 5,335,305	\$ 553,507	\$ 5,888,812	\$ 4,313,171	\$ 612,259	\$ 4,925,430

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			
	<u>THERAPEUTIC SERVICES</u>	<u>COMMUNITY SUPPORT SERVICES</u>	<u>HOUSING SERVICES</u>	<u>PROGRAM ENHANCEMENT SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL FUNCTIONAL EXPENSES</u>
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.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 433,092	\$ 1,289,222	\$ 75,408	\$ 5,000	\$ 1,802,722	\$ 490,466	\$ 37,994	\$ 528,460	\$ 2,331,182
Employee benefits	31,392	92,332	3,565	-	127,289	24,861	1,344	26,205	153,494
Payroll taxes	26,413	99,198	5,889	383	131,883	33,466	2,571	36,037	167,920
TOTAL PAYROLL AND RELATED EXPENSES	490,897	1,480,752	84,862	5,383	2,061,894	548,793	41,909	590,702	2,652,596
Conferences and meetings	30,112	96,199	335	65	126,711	6,950	427	7,377	134,088
Event expense	-	-	-	-	-	-	38,903	38,903	38,903
Bad debt expense	-	-	-	-	-	4,379	-	4,379	4,379
Depreciation	-	-	-	-	-	28,572	-	28,572	28,572
Insurance	4,528	14,052	291	-	18,871	2,551	197	2,748	21,619
Miscellaneous	931	2,470	-	329	3,730	2,621	1,214	3,835	7,565
Occupancy	5,341	13,060	462	-	18,863	9,059	202	9,261	28,124
Office supplies	17,416	97,029	9,831	209	124,485	5,865	8,564	14,429	138,914
Printing	2,789	26,505	644	97	30,035	7,621	1,790	9,411	39,446
Professional	29,865	100,325	11,209	10,748	152,147	40,181	7,759	47,940	200,087
Telephone and internet	9,881	30,355	176	-	40,412	5,720	84	5,804	46,216
Travel	28,797	164,073	749	10,695	204,314	3,162	2,265	5,427	209,741
TOTAL FUNCTIONAL EXPENSES	\$ 620,557	\$ 2,024,820	\$ 108,559	\$ 27,526	\$ 2,781,462	\$ 665,474	\$ 103,314	\$ 768,788	\$ 3,550,250

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 963,382	\$ 689,308
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,594	28,572
Bad debt expense	-	4,379
Realized and unrealized gains on investments	(365,562)	(39,274)
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	(474,821)	84,635
Contributions receivable	38,364	(581,649)
Other contracts receivable	(286,854)	(196,299)
Prepaid expenses and other	(61,479)	(11,623)
Increase (decrease) in:		
Accounts payable	140,451	(8,931)
Accrued expenses	200,997	103,248
Deferred revenue	(1,500)	-
TOTAL ADJUSTMENTS	(1,097,962)	(616,942)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(134,580)	72,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(136,008)	-
Purchases of investments	(61,273)	(47,633)
Sale of investments	205,676	134,608
NET CASH PROVIDED BY INVESTING ACTIVITIES	8,395	86,975
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(12,446)	-
NET CASH USED IN FINANCING ACTIVITIES	(12,446)	-
(DECREASE) INCREASE IN CASH	(138,631)	159,341
CASH - BEGINNING OF YEAR	563,494	404,153
CASH - END OF YEAR	\$ 424,863	\$ 563,494
SUPPLEMENTAL CASH FLOW INFORMATION:		
CASH PAID FOR		
Interest	\$ 12,342	\$ -
NON-CASH TRANSACTIONS		
Property and equipment purchased through issuance of notes payable	\$ 1,176,231	\$ -

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Tennessee Voices for Children, Inc. (d/b/a TN Voices) (“TNV” 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. Their vision is to build hope for all generations. TNV 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 TNV’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 TNV 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 products and 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, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

For performance obligations related to products and 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 \$629,237 and \$97,853 for the year ended June 30, 2021 and 2020.

Contributions and Support

TNV 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, 2021, the Agency had remaining available award balances on federal and state conditional grants and contracts of approximately \$1,178,000 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.

TNV 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 2021 and 2020). Amortization of the discount is recognized on the interest method over the term of the gift and included in contributions receivable.

Contract Receivables

Contract receivables relate to fee for service contracts and are reported at their gross contract amount less any applicable payments or adjustments.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 TNV. TNV'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.

Donated Services

TNV's policy is to record 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.

Fair Value Measurements

TNV 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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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, 2021 and 2020.

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 TNV 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.

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 TNV, 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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

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.

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. TNV 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, TNV 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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

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.

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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

TNV 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.

TNV 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 TNV'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.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board ("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*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 is not expected to have a significant impact on the Agency's financial statements.

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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and December 9, 2021, 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>2021</u>	<u>2020</u>
Cash	\$ 424,863	\$ 563,494
Investments	2,742,974	2,511,659
Grants receivable	1,247,661	772,840
Other contracts receivable	310,729	23,875
Less: assets restricted by donor for purpose restrictions	<u>(10,222)</u>	<u>(30,610)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,716,005</u>	<u>\$ 3,841,258</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, 2021 AND 2020

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 83% 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>2021</u>	<u>2020</u>
Money market funds	\$ 513,316	\$ 713,935
Mutual funds	<u>2,229,658</u>	<u>1,797,724</u>
	<u>\$ 2,742,974</u>	<u>\$ 2,511,659</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
State of Tennessee Department of Mental Health	\$ 1,054,774	\$ 455,122
Substance Abuse and Mental Health Services Administration	39,862	25,167
State of Tennessee Department of Children's Services	32,873	22,028
Lifecare Family Services	-	170,856
Tennessee State University	3,470	2,241
State of Tennessee Department of Finance and Administration	<u>116,682</u>	<u>97,426</u>
	<u>\$ 1,247,661</u>	<u>\$ 772,840</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</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>480,000</u>	<u>520,000</u>
Total unconditional promises to give	680,000	720,000
Less discount to net present value	<u>(136,715)</u>	<u>(138,351)</u>
Contributions receivable	<u>\$ 543,285</u>	<u>\$ 581,649</u>

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Land	\$ 704,987	\$ 192,254
Building and improvements	1,715,675	714,379
Furniture and equipment	<u>169,926</u>	<u>61,721</u>
	2,590,588	968,354
Less: accumulated depreciation	<u>(153,586)</u>	<u>(120,993)</u>
	<u>\$ 2,437,002</u>	<u>\$ 847,361</u>

During 2021, the Agency received an in-kind contribution of property valued at \$309,667.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 8 - FAIR VALUE MEASUREMENTS

The following table set forth TNV'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>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	498,114	-	-	498,114
Total investments at fair value	<u>\$ 2,742,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,742,974</u>
<u>2020</u>				
Investments:				
Money Market Funds	\$ 713,935	\$ -	\$ -	\$ 713,935
Mutual Funds:				
Bond Fund	501,412	-	-	501,412
Growth and Income Fund	553,091	-	-	553,091
Growth Fund	318,794	-	-	318,794
Balance Fund	424,427	-	-	424,427
Total investments at fair value	<u>\$ 2,511,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,511,659</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

NOTE 9 - NOTES PAYABLE

Notes payable consisted of the following at June 30, 2021:

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 \$1,064,000 at June 30, 2021	\$ 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 \$443,000 at June 30, 2021	<u>136,963</u>
	<u>\$ 1,163,785</u>

There were no notes payable at June 30, 2020.

Annual principal installments payments of notes payable as of June 30, 2021 follow:

<u>Year ending June 30,</u>	
2022	\$ 60,045
2023	62,632
2024	65,330
2025	68,146
2026	<u>907,632</u>
	<u>\$ 1,163,785</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Time restrictions - contributions receivable	\$ 543,285	\$ 581,649
Purpose restrictions - counseling program	<u>10,222</u>	<u>30,610</u>
	<u>\$ 553,507</u>	<u>\$ 612,259</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

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.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Agency operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Agency, to date, the Agency is experiencing increased volatility in the fair value of investments. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions. The Agency’s leadership team is evaluating the evolving situation and will implement appropriate countermeasures as determined to be appropriate.

NOTE 12 - EMPLOYEE BENEFIT PLAN

TNV 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.

TNV may make discretionary matching and nonelective contributions to the Plan. TNV’s discretionary match was 2% for the years ended June 30, 2021 and 2020. Total contributions amounted to \$28,284 and \$26,632 for the years ended June 30, 2021 and 2020, respectively.

ADDITIONAL INFORMATION

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Grant Description		Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2020	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2021
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH								
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	*	93.104	64067	10/01/19 - 09/30/20	\$ 96,166	\$ 473,453	\$ 377,287	\$ -
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	*	93.104	70390	04/01/21 - 06/30/21	-	-	97,439	97,439
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	*	93.104	69558	02/01/21 - 09/29/21	-	90,220	206,484	116,264
Block Grants for Community Mental Health Services		93.958	62602	07/01/19 - 06/30/20	55,915	55,915	-	-
Block Grants for Community Mental Health Services		93.958	66663	07/01/20 - 06/30/21	-	117,435	189,999	72,564
Block Grants for Community Mental Health Services		93.958	62729	07/01/19 - 06/30/20	14,856	14,856	-	-
Block Grants for Community Mental Health Services		93.958	66703	07/01/20 - 06/30/21	-	95,185	122,599	27,414
Block Grants for Community Mental Health Services		93.958	62727	07/01/19 - 06/30/20	46,748	46,748	-	-
Block Grants for Community Mental Health Services		93.958	66816	07/01/20 - 06/30/21	-	149,296	185,780	36,484
Block Grants for Community Mental Health Services		93.958	66618	07/01/20 - 06/30/21	-	736,759	970,831	234,072
Block Grants for Prevention and Treatment of Substance Abuse		93.959	62140	07/01/19 - 06/30/20	3,060	3,060	-	-
Block Grants for Prevention and Treatment of Substance Abuse		93.959	65807	07/01/20 - 06/30/21	-	43,056	53,676	10,620
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	65932	03/31/20 - 03/30/21	17,107	250,525	233,418	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	69433	03/31/21 - 03/30/22	-	12,266	39,401	27,135
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	67105	07/15/20 - 09/30/20	-	9,554	9,554	-
TOTAL PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH					233,852	2,098,328	2,486,468	621,992
PASSED THROUGH SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION								
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	N/A	09/30/19 - 09/29/20	25,167	34,969	9,802	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	N/A	09/30/20 - 09/29/21	-	65,357	95,371	30,014
Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	N/A	04/30/21 - 04/29/22	-	-	9,848	9,848
TOTAL PASSED THROUGH SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION					25,167	100,326	115,021	39,862
PASSED THROUGH TENNESSEE STATE UNIVERSITY								
Child Care and Development Block Grant		93.575	N/A	09/30/19 - 09/29/20	2,241	6,346	4,105	-
Child Care and Development Block Grant		93.575	N/A	09/30/20 - 09/29/21	-	6,937	10,407	3,470
TOTAL PASSED THROUGH TENNESSEE STATE UNIVERSITY					2,241	13,283	14,512	3,470
PASSED THROUGH LIFECARE FAMILY SERVICES								
Block Grants for Community Mental Health Services		93.958	N/A	03/31/20 - 06/30/20	99,368	99,368	-	-
TOTAL PASSED THROUGH LIFECARE FAMILY SERVICES					99,368	99,368	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					360,628	2,311,305	2,616,001	665,324
U.S. OFFICE FOR VICTIMS OF CRIME								
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION								
Crime Victim Compensation		16.575	56204	07/01/19 - 06/30/20	97,426	97,426	-	-
Crime Victim Compensation		16.575	26204	07/01/20 - 06/30/21	-	410,426	527,108	116,682
TOTAL U.S. OFFICE FOR VICTIMS OF CRIME					97,426	507,852	527,108	116,682

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

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 24.

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2020	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2021
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES							
Child Abuse Prevention	93.590	57265	07/01/19 - 06/30/20	\$ 6,128	\$ 6,128	\$ -	\$ -
Child Abuse Prevention	93.590	57265	07/01/20 - 06/30/21	-	30,701	39,191	8,490
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				<u>6,128</u>	<u>36,829</u>	<u>39,191</u>	<u>8,490</u>
U.S. DEPARTMENT OF TREASURY							
PASSED THROUGH UNITED WAY OF MIDDLE TENNESSEE							
Coronavirus Relief Fund	21.019 - COVID	N/A	03/01/20 - 12/31/20	-	148,683	148,683	-
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				-	148,683	148,683	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 464,182</u>	<u>\$ 3,004,669</u>	<u>\$ 3,330,983</u>	<u>\$ 790,496</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	\$ 527,108
21.019 - COVID	148,683
93.104	681,210
93.243	397,394
93.575	14,512
93.590	39,191
93.958	1,469,209
93.959	<u>53,676</u>
Total	<u>\$ 3,330,983</u>

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 24.

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Grant Description</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Accrued (Deferred) 7/1/2020</u>	<u>State Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) 6/30/2021</u>
STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH						
DIRECT FROM THE STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH						
Family Support and Advocacy	62726	07/01/19 - 06/30/20	\$ 86,079	\$ 86,079	\$ -	\$ -
Family Support and Advocacy	66401	07/01/20 - 06/30/21	-	302,764	400,749	97,985
School and Communities Youth Screen Program	62729	07/01/19 - 06/30/20	50,950	50,950	-	-
School and Communities Youth Screen Program	66703	07/01/20 - 06/30/21	-	126,129	218,999	92,870
Juvenile Justice Reform Local Diversion Grant	62717	07/01/19 - 06/30/20	75,828	75,828	-	-
Juvenile Justice Reform Local Diversion Grant	66645	07/01/20 - 06/30/21	-	248,720	376,999	128,279
Tennessee Move Initiative	66860	07/01/20 - 06/30/21	-	277,358	373,240	95,882
Family Support Providers in Juvenile Courts	62720	07/01/19 - 06/30/20	8,413	8,413	-	-
Family Support Providers in Juvenile Courts	66699	07/01/20 - 06/30/21	-	29,900	47,666	17,766
TOTAL DIRECT FROM THE STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH			221,270	1,206,141	1,417,653	432,782
PASSED THROUGH LIFECARE FAMILY SERVICES						
Tennessee Move Initiative	N/A	03/01/20 - 06/30/20	71,488	71,488	-	-
TOTAL STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH			292,758	1,277,629	1,417,653	432,782
STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES						
DIRECT FROM THE STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES						
Intensive In-Home Family Preservation Services	56224	07/01/19 - 06/30/20	15,900	15,900	-	-
Intensive In-Home Family Preservation Services	56224	07/01/20 - 06/30/21	-	229,817	254,200	24,383
TOTAL STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES			15,900	245,717	254,200	24,383
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 308,658</u>	<u>\$ 1,523,346</u>	<u>\$ 1,671,853</u>	<u>\$ 457,165</u>

See Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards on page 24.

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, 2021

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). 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.

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, the financial statements of Tennessee Voices for Children, Inc. ("TNV"), which comprise the statement of financial position as of June 30, 2021, 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 9, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether TNV'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.

Handwritten signature in black ink that reads "K. H. CPAs PLLC". The signature is stylized, with the first letters of each word being prominent.

Nashville, Tennessee
December 9, 2021

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

We have audited Tennessee Voices for Children, Inc.'s ("TNV") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TNV's major federal programs for the year ended June 30, 2021. TNV's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of TNV's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TNV's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, TNV 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, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of TNV is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TNV's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TNV's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Nashville, Tennessee
December 9, 2021

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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>
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

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, 2021

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.