

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION

AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020 AND 2019

TENNESSEE VOICES FOR CHILDREN, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020 AND 2019

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TENNESSEE VOICES FOR CHILDREN, INC.

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

BOARD OF DIRECTORS

President: Patrick Sims  
President Elect: Bill Kirby  
Treasurer: Andrew Buckwalter  
Secretary: Krischan Krayner  
Rhonda Ashley-Dixon  
Brian Shulman  
Laura Fair  
Sarah Kmita  
Devika Kumar  
Chad Poff  
Molly Rollins  
Bama Wood  
Valentina Alexander

## 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, 2020 and 2019, 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, 2020 and 2019, 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 23-24, 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 November 20, 2020 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  
November 20, 2020

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 563,494	\$ 404,153
Investments	2,511,659	2,559,360
Grants receivable	601,984	686,619
Contributions receivable	581,649	-
Contract and other receivables	194,731	2,811
Prepaid expenses and other	23,898	12,275
Property, building and equipment, net	<u>847,361</u>	<u>875,933</u>
TOTAL ASSETS	<u>\$ 5,324,776</u>	<u>\$ 4,541,151</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 100,163	\$ 109,094
Accrued expenses	297,683	194,435
Deferred revenue	<u>1,500</u>	<u>1,500</u>
TOTAL LIABILITIES	<u>399,346</u>	<u>305,029</u>
<u>NET ASSETS</u>		
Without donor restrictions	4,313,171	4,236,122
With donor restrictions	<u>612,259</u>	<u>-</u>
TOTAL NET ASSETS	<u>4,925,430</u>	<u>4,236,122</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,324,776</u>	<u>\$ 4,541,151</u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
SUPPORT AND REVENUE						
Grants and other contracts	\$ 3,175,152	\$ -	\$ 3,175,152	\$ 2,928,108	\$ -	\$ 2,928,108
Contributions	253,799	676,649	930,448	261,802	-	261,802
Conferences and other meetings	-	-	-	15,620	-	15,620
Investment income, net	100,762	-	100,762	105,226	-	105,226
Miscellaneous	33,196	-	33,196	5,835	-	5,835
Net assets released from restriction	64,390	(64,390)	-	11,893	(11,893)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,627,299</b>	<b>612,259</b>	<b>4,239,558</b>	<b>3,328,484</b>	<b>(11,893)</b>	<b>3,316,591</b>
EXPENSES						
Program services	2,781,462	-	2,781,462	2,604,845	-	2,604,845
Supporting services:						
Management and general	665,474	-	665,474	487,828	-	487,828
Fundraising	103,314	-	103,314	160,742	-	160,742
<b>TOTAL EXPENSES</b>	<b>3,550,250</b>	<b>-</b>	<b>3,550,250</b>	<b>3,253,415</b>	<b>-</b>	<b>3,253,415</b>
<b>CHANGE IN NET ASSETS</b>	<b>77,049</b>	<b>612,259</b>	<b>689,308</b>	<b>75,069</b>	<b>(11,893)</b>	<b>63,176</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,236,122</b>	<b>-</b>	<b>4,236,122</b>	<b>4,161,053</b>	<b>11,893</b>	<b>4,172,946</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,313,171</b>	<b>\$ 612,259</b>	<b>\$ 4,925,430</b>	<b>\$ 4,236,122</b>	<b>\$ -</b>	<b>\$ 4,236,122</b>

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			
	EARLY CHILDHOOD PROGRAMS	JUVENILE JUSTICE REFORM	SURVIVOR CONNECTION (VOCA)	SYSTEM OF CARE ACROSS TENNESSEE	STATEWIDE FAMILY SUPPORT NETWORK	INTENSIVE LONG-TERM SUPPORT	INTENSIVE IN-HOME FAMILY PRESERVATION SERVICES	YOUTH SCREEN	OTHER PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 90,785	\$ 192,993	\$ 290,294	\$ 255,557	\$ 271,698	\$ 119,312	\$ 109,222	\$ 143,989	\$ 328,872	\$ 1,802,722	\$ 490,466	\$ 37,994	\$ 528,460	\$ 2,331,182
Employee benefits	6,238	22,063	17,985	22,105	16,304	8,127	6,112	13,698	14,985	127,617	24,861	1,344	26,205	153,822
Payroll taxes	6,914	13,299	22,319	18,726	20,711	9,337	8,207	10,750	21,620	131,883	33,466	2,571	36,037	167,920
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	<b>103,937</b>	<b>228,355</b>	<b>330,598</b>	<b>296,388</b>	<b>308,713</b>	<b>136,776</b>	<b>123,541</b>	<b>168,437</b>	<b>729,731</b>	<b>2,062,222</b>	<b>548,793</b>	<b>41,909</b>	<b>590,702</b>	<b>2,652,924</b>
Conferences and meetings	814	29,419	6,967	22,822	8,088	519	279	26,335	31,469	126,712	6,950	427	7,377	134,089
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	934	1,992	3,020	3,338	2,502	1,143	1,012	1,424	3,506	18,871	2,551	197	2,748	21,619
Equipment rental and maintenance	911	413	726	816	1,903	736	294	1,821	3,609	11,229	7,285	145	7,430	18,659
Miscellaneous	-	100	1	-	-	-	-	-	3,293	3,394	2,949	550	3,499	6,893
Occupancy	2,594	659	1,066	1,148	1,637	474	2,440	3,014	5,831	18,863	9,059	202	9,261	28,124
Office supplies	12,240	13,506	16,121	13,874	16,324	15,465	1,414	13,211	20,665	122,820	5,544	6,973	12,517	135,337
Postage	118	109	246	225	517	54	50	68	278	1,665	321	1,591	1,912	3,577
Printing and publications	3,801	271	473	263	7,257	-	96	1,002	5,643	18,806	336	2,309	2,645	21,451
Professional	18,685	12,757	8,457	19,135	19,122	16,418	6,214	9,580	41,787	152,155	40,181	7,759	47,940	200,095
Telephone and internet	2,015	4,487	6,692	6,221	4,771	761	2,826	2,701	9,938	40,412	5,392	84	5,476	45,888
Travel	4,135	20,381	34,253	70,252	27,731	1,298	7,892	8,464	29,907	204,313	3,162	2,265	5,427	209,740
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 150,184</b>	<b>\$ 312,449</b>	<b>\$ 408,620</b>	<b>\$ 434,482</b>	<b>\$ 398,565</b>	<b>\$ 173,644</b>	<b>\$ 146,058</b>	<b>\$ 236,057</b>	<b>\$ 521,403</b>	<b>\$ 2,781,462</b>	<b>\$ 665,474</b>	<b>\$ 103,314</b>	<b>\$ 768,788</b>	<b>\$ 3,550,250</b>

See accompanying notes to the financial statements.



TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES										SUPPORTING SERVICES			
	EARLY CHILDHOOD PROGRAMS	JUVENILE JUSTICE REFORM	SURVIVOR CONNECTION (VOCA)	SYSTEM OF CARE ACROSS TENNESSEE	HEALTHY TRANSITIONS	INTENSIVE IN-HOME FAMILY PRESERVATION SERVICES	STATEWIDE FAMILY SUPPORT NETWORK	YOUTH SCREEN	OTHER PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL FUNCTIONAL EXPENSES
Salaries	\$ 93,984	\$ 123,126	\$ 264,175	\$ 295,162	\$ 68,153	\$ 118,563	\$ 249,704	\$ 75,984	\$ 241,430	\$ 1,530,281	\$ 328,489	\$ 51,309	\$ 379,798	\$ 1,910,079
Employee benefits	7,408	9,122	14,202	23,597	3,178	5,473	14,619	2,873	18,656	99,128	17,423	3,137	20,560	119,688
Payroll taxes	7,427	9,363	17,729	22,198	5,377	9,091	18,982	6,617	18,366	115,150	23,697	3,763	27,460	142,610
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	<b>108,819</b>	<b>141,611</b>	<b>296,106</b>	<b>340,957</b>	<b>76,708</b>	<b>133,127</b>	<b>283,305</b>	<b>85,474</b>	<b>278,452</b>	<b>1,744,559</b>	<b>369,609</b>	<b>58,209</b>	<b>427,818</b>	<b>2,172,377</b>
Conferences and meetings	2,464	16,116	64,163	73,271	1,223	253	9,964	901	15,592	183,947	6,808	7,472	14,280	198,227
Event expense	-	-	-	-	-	-	-	-	-	-	-	53,590	53,590	53,590
Bad debt expense	-	-	-	-	-	-	-	-	-	-	3,964	-	3,964	3,964
Depreciation	-	-	-	-	-	-	-	-	-	-	26,878	-	26,878	26,878
Insurance	1,312	1,129	2,437	4,242	941	1,256	2,677	1,078	2,704	17,776	2,069	334	2,403	20,179
Equipment rental and maintenance	1,038	1,062	635	819	644	619	1,010	1,663	3,809	11,299	3,310	273	3,583	14,882
Miscellaneous	-	-	-	-	560	-	-	-	2,261	2,821	1,338	304	1,642	4,463
Occupancy	3,389	1,176	25,056	865	2,198	2,793	3,067	2,775	4,417	45,736	5,686	438	6,124	51,860
Office supplies	5,243	12,665	15,087	8,730	1,293	2,902	10,166	1,965	15,221	73,272	26,041	14,022	40,063	113,335
Postage	59	41	140	241	36	54	533	99	138	1,341	223	1,133	1,356	2,697
Printing and publications	5,528	1,126	3,624	2,398	75	97	40,168	54	1,620	54,690	259	4,015	4,274	58,964
Professional	5,748	33,728	4,964	54,902	3,386	6,318	13,242	5,205	42,489	169,982	32,137	18,091	50,228	220,210
Telephone and internet	2,227	2,390	5,455	7,772	1,184	2,641	4,504	1,254	6,354	33,781	4,242	582	4,824	38,605
Travel	9,261	20,448	41,558	107,304	9,063	10,322	24,420	2,238	41,027	265,641	5,264	2,279	7,543	273,184
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 145,088</b>	<b>\$ 231,492</b>	<b>\$ 459,225</b>	<b>\$ 601,501</b>	<b>\$ 97,311</b>	<b>\$ 160,382</b>	<b>\$ 393,056</b>	<b>\$ 102,706</b>	<b>\$ 414,084</b>	<b>\$ 2,604,845</b>	<b>\$ 487,828</b>	<b>\$ 160,742</b>	<b>\$ 648,570</b>	<b>\$ 3,253,415</b>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 689,308	\$ 63,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,572	26,878
Bad debt expense	4,379	3,964
Realized and unrealized gains on investments	(39,274)	(34,893)
(Increase) decrease in:		
Grants receivable	84,635	(291,131)
Contributions receivable	(581,649)	-
Contract and other receivables	(196,299)	9,283
Prepaid expenses and other	(11,623)	1,451
Increase (decrease) in:		
Accounts payable	(8,931)	49,749
Accrued expenses	103,248	26,862
Deferred revenue	-	1,500
TOTAL ADJUSTMENTS	<u>(616,942)</u>	<u>(206,337)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>72,366</u>	<u>(143,161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(47,633)	(53,482)
Sale of investments	<u>134,608</u>	<u>201,907</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>86,975</u>	<u>148,425</u>
INCREASE IN CASH	159,341	5,264
CASH - BEGINNING OF YEAR	<u>404,153</u>	<u>398,889</u>
CASH - END OF YEAR	<u><u>\$ 563,494</u></u>	<u><u>\$ 404,153</u></u>

See accompanying notes to the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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 Organization’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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. 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.

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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (Continued)

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 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 2020, none in 2019). Amortization of the discount is recognized on the interest method over the term of the gift and included in contributions receivable. Conditional promises to give are not included as support until such as the conditions are substantially met.

Contract Receivables

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

Conference Revenue

TNV holds a biennial conference for which revenue is recognized as income when the related event occurs. Any conference revenue received in advance is reported as deferred revenue.

Cash

Cash consists principally of checking account balances.

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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of money market funds and shares of a mutual fund. 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, 2020 AND 2019

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, 2020 and 2019.

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 - include programs to improve and expand services related to the emotional and behavioral well-being of children. Some of TNV's programs are:

- 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.
- 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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

- Survivor Connection (previously VOCA) - 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.
- Healthy Transitions - seeks to improve access to treatment and support services for youth and young adults ages 16-25 that either have, or are at risk of developing a serious mental health illness, serious emotional disturbance, or co-occurring disorder. The goal of Healthy Transitions is to assist these youth and young adults in improving their health and wellness, leading self-directed lives, and reaching their full potential.
- 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, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Program Services (Continued)

- 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.
- 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.
- Youth Screen - provided by TNV to interested school districts in any county in Tennessee and was developed by Columbia University. Youth Screen provides a screening for teens that helps identify teens that are at risk for a variety of mental health issues including: suicide, depression, anxiety disorders, substance abuse and other health related problems.

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.



TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses (Continued)

The expenses that are allocated include salaries and related expenses, conferences and meetings, insurance, equipment rental and maintenance, miscellaneous, occupancy, office supplies, postage, printing and publications, 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

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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments to the ASU (collectively, “ASC 606”), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the considerations to which the entity expects to be entitled in an exchange of goods or services. The Agency performed an analysis of revenue streams and transactions to determine in-scope applicability. The revenue streams considered in-scope for purposes of ASC 606 include certain grant revenues and most revenues associated with fee for service contracts and conference events. The Agency recognizes revenues that fall within the scope of ASC 606 as it satisfies its obligation to the client. The adoption of ASC 606 did not result in a material change to the accounting for any of the in-scope revenue streams; as such, the Agency did not record a cumulative effect adjustment.

The Organization has also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended, as management believes the standard improves the usefulness and understandability of the Agency’s financial reporting. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improved guidance to better distinguish between conditional and unconditional contributions. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

Events Occurring After Reporting Date

The Agency has evaluated events and transactions that occurred between June 30, 2020 and November 20, 2020, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

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:

	<u>2020</u>	<u>2019</u>
Cash	\$ 563,494	\$ 404,153
Investments	2,511,659	2,559,360
Grants receivable	601,984	686,619
Contributions receivable in less than one year	40,000	-
Other receivables	<u>194,731</u>	<u>2,811</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,911,868</u>	<u>\$3,652,943</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.

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 77% 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.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 4 - INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 713,935	\$ 848,538
Mutual funds	<u>1,797,724</u>	<u>1,710,822</u>
	<u>\$ 2,511,659</u>	<u>\$ 2,559,360</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
State of Tennessee Department of Mental Health	\$ 455,122	\$ 459,280
Statewide Family Support Network Outreach and Awareness Program	25,167	16,096
State of Tennessee Department of Children's Services	22,028	74,806
Tennessee State University	2,241	1,902
State of Tennessee Department of Finance and Administration	<u>97,426</u>	<u>134,535</u>
	<u>\$ 601,984</u>	<u>\$ 686,619</u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2020:

Receivable in less than one year	\$ 40,000
Receivable in one to five years	200,000
Receivable in greater than five years	<u>480,000</u>
Total unconditional promises to give	720,000
Less discount to net present value	<u>(138,351)</u>
Contributions receivable	<u>\$ 581,649</u>

There were no contributions receivable at June 30, 2019.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 192,254	\$ 192,254
Building and improvements	714,379	714,379
Furniture and equipment	<u>61,721</u>	<u>95,589</u>
	968,354	1,002,222
Less: accumulated depreciation	<u>(120,993)</u>	<u>(126,289)</u>
	<u>\$ 847,361</u>	<u>\$ 875,933</u>

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>2020</u>				
Investments:				
Mutual Funds:				
Bond Fund	\$ 501,412	\$ -	\$ -	\$ 501,412
Growth and Income Fund	553,091	-	-	553,091
Growth Fund	318,794	-	-	318,794
Balance Fund	<u>424,427</u>	-	-	<u>424,427</u>
Total Mutual Funds	<u>1,797,724</u>	-	-	<u>1,797,724</u>
Total investments at fair value	<u>\$ 1,797,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,724</u>
<u>2019</u>				
Investments:				
Mutual Funds:				
Bond Fund	\$ 529,303	\$ -	\$ -	\$ 529,303
Growth and Income Fund	522,350	-	-	522,350
Growth Fund	288,039	-	-	288,039
Balance Fund	<u>371,130</u>	-	-	<u>371,130</u>
Total Mutual Funds	<u>1,710,822</u>	-	-	<u>1,710,822</u>
Total investments at fair value	<u>\$ 1,710,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,710,822</u>

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2020:

Time restrictions - contributions receivable	\$ 581,649
Purpose restrictions - counseling program	<u>30,610</u>
	<u>\$ 612,259</u>

There were no net assets with donor restrictions at June 30, 2019.

NOTE 10 - 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 11 - 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, 2020 and 2019. TNV also made nonelective contributions to the Plan in 2020 and 2019. Total contributions amounted to \$26,632 and \$23,154 for the years ended June 30, 2020 and 2019, respectively.

TENNESSEE VOICES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 12 - IN-KIND SUPPORT

In-kind expenditures reflected in the financial statements consisted of the following for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Salaries	\$ 21,727	\$ 36,544
Occupancy	62,356	23,834
Travel	<u>-</u>	<u>7,621</u>
	<u>\$ 84,083</u>	<u>\$ 67,999</u>

In-kind salaries for non-technical volunteer services on certain grant programs of approximately \$40,000 have been removed from in-kind support and program services expenses since they do not meet the requirements of FASB ASC 958 for the year ended June 30, 2019. There were none for the year ended June 30, 2020.

ADDITIONAL INFORMATION



TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2019	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2020
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH							
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	60174	10/01/18 - 09/30/19	\$ 114,698	\$ 280,635	\$ 165,937	\$ -
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	64067	10/01/19 - 09/30/20	-	255,673	351,839	96,166
Block Grants for Community Mental Health Services	* 93.958	58813	07/01/18 - 06/30/19	37,626	37,626	-	-
Block Grants for Community Mental Health Services	* 93.958	66663	07/01/19 - 06/30/20	-	122,802	178,717	55,915
Block Grants for Community Mental Health Services	* 93.958	59044	07/01/18 - 06/30/19	18,914	18,914	-	-
Block Grants for Community Mental Health Services	* 93.958	62729	07/01/19 - 06/30/20	-	102,824	117,680	14,856
Block Grants for Community Mental Health Services	* 93.958	60924	12/01/18 - 06/30/19	15,091	15,091	-	-
Block Grants for Community Mental Health Services	* 93.958	62727	07/01/19 - 06/30/20	-	70,214	116,962	46,748
Block Grants for Prevention and Treatment of Substance Abuse	93.959	58045	07/01/18 - 06/30/19	10,758	10,758	-	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	62140	07/01/19 - 06/30/20	-	29,016	32,076	3,060
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	59989	10/01/18 - 09/30/19	23,314	88,741	65,427	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	63947	05/01/19 - 03/30/20	-	88,648	88,648	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	65932	03/31/20 - 03/30/21	-	6,796	23,903	17,107
TOTAL PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH				220,401	1,127,738	1,141,189	233,852
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	09/30/18 - 09/29/19	16,096	41,042	24,946	-
Statewide Family Support Network Outreach and Awareness Program	93.243	N/A	09/30/19 - 09/29/20	-	38,312	63,479	25,167
				16,096	79,354	88,425	25,167
PASSED THROUGH TENNESSEE STATE UNIVERSITY:							
Child Care and Development Block Grant	93.575	N/A	11/01/18 - 06/30/19	1,902	1,902	-	-
Child Care and Development Block Grant	93.575	N/A	09/30/19 - 09/29/20	-	10,417	12,658	2,241
TOTAL PASSED THROUGH TENNESSEE STATE UNIVERSITY				1,902	12,319	12,658	2,241
<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				238,399	1,219,411	1,242,272	261,260
<b>U.S. OFFICE FOR VICTIMS OF CRIME</b>							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION							
Crime Victim Assistance	16.575	56204	07/01/18 - 06/30/21	134,535	512,162	475,053	97,426
<b>TOTAL U.S. OFFICE FOR VICTIMS OF CRIME</b>				134,535	512,162	475,053	97,426

\* 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, 2020

Grant Description	Federal CFDA#	Grant Number	Grant Period	Accrued (Deferred) 7/1/2019	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2020
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>							
PASSED THROUGH STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES							
Child Abuse Prevention	93.590	57265	07/01/18 - 09/30/19	\$ 9,988	\$ 9,988	\$ -	\$ -
Child Abuse Prevention	93.590	57265	07/01/19 - 06/30/20	-	36,749	42,877	6,128
<b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				9,988	46,737	42,877	6,128
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 382,922</u>	<u>\$ 1,778,310</u>	<u>\$ 1,760,202</u>	<u>\$ 364,814</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	\$ 475,053
93.104	517,776
93.243	266,403
93.575	12,658
93.590	42,877
93.958	413,359
93.959	32,076
Total	<u>\$ 1,760,202</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, 2020

<u>Grant Description</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Accrued (Deferred) 7/1/2019</u>	<u>State Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) 6/30/2020</u>
<b>STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH</b>						
Family Support and Advocacy	58900	07/01/18 - 06/30/19	\$ 117,708	\$ 117,708	\$ -	\$ -
Family Support and Advocacy	62726	07/01/19 - 06/30/20	-	292,909	378,988	86,079
School and Communities Youth Screen Program	62729	07/01/19 - 06/30/20	-	114,130	165,080	50,950
Juvenile Justice Reform Local Diversion Grant	60822	11/01/18 - 06/30/19	116,914	116,914	-	-
Juvenile Justice Reform Local Diversion Grant	62717	07/01/19 - 06/30/20	-	295,883	371,711	75,828
Family Support Providers in Juvenile Courts	58518	07/01/18 - 06/30/19	4,257	4,257	-	-
Family Support Providers in Juvenile Courts	62720	07/01/19 - 06/30/20	-	35,841	44,254	8,413
<b>TOTAL STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH</b>			<u>238,879</u>	<u>977,642</u>	<u>960,033</u>	<u>221,270</u>
<b>STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES</b>						
Intensive In-Home Family Preservation Services	56224	7/1/2018 - 06/30/19	58,325	58,325	-	-
Intensive In-Home Family Preservation Services	56224	07/01/19 - 06/30/20	-	210,035	225,935	15,900
Adverse Childhood Experiences Initiative	58651	07/01/18 - 06/30/19	6,793	6,793	-	-
<b>TOTAL STATE OF TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES</b>			<u>65,118</u>	<u>275,153</u>	<u>225,935</u>	<u>15,900</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>\$ 303,997</u>	<u>\$ 1,252,795</u>	<u>\$ 1,185,968</u>	<u>\$ 237,170</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, 2020

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, 2020, 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 November 20, 2020.

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 "Kraft CPAs PLLC". The signature is stylized, with the first name "Kraft" being more prominent and the "CPAs PLLC" following in a similar script.

Nashville, Tennessee  
November 20, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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, 2020. 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, 2020.



## 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  
November 20, 2020

TENNESSEE VOICES FOR CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

**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, 2020

**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.