

# **Big Brothers/Big Sisters of Middle Tennessee**

Financial Statements  
For the Years Ended June 30, 2023 and 2022

**Big Brothers/Big Sisters of Middle Tennessee**  
Financial Statements  
For the Years Ended June 30, 2023 and 2022

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## **Introductory Section**

# **Big Brothers/Big Sisters of Middle Tennessee**

Roster of Officials

As of June 30, 2023

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Board Chair	Grant Kinnett
Vice Chair	Tom Lampe
Treasurer	Brent Gay
Secretary	Winston Justice
Chief Executive Officer	Melissa Hudson-Gant
Chief Operating Officer	David Estrin



## Independent Auditor's Report

Board of Directors  
Big Brothers/Big Sisters of Middle Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Big Brothers/Big Sisters of Middle Tennessee (a not-for-profit organization, the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Goodlettsville, Tennessee  
November 3, 2023

## Big Brothers/Big Sisters of Middle Tennessee

### Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets		
Cash	\$ 3,654,113	\$ 3,948,821
Accounts receivable	18,070	-
Grants receivable	361,838	382,621
Employee receivable	14,930	15,211
Prepaid expenses and other assets	14,120	9,445
Total current assets	<u>4,063,071</u>	<u>4,356,098</u>
Property and equipment, net	<u>1,806,332</u>	<u>1,760,065</u>
Total assets	<b>\$ 5,869,403</b>	<b>\$ 6,116,163</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 217,867	\$ 112,384
Deferred revenue	15,000	22,000
Total current liabilities	<u>232,867</u>	<u>134,384</u>
Net assets		
Without donor restrictions	5,531,536	5,876,779
With donor restrictions	105,000	105,000
Total net assets	<u>5,636,536</u>	<u>5,981,779</u>
Total liabilities and net assets	<b>\$ 5,869,403</b>	<b>\$ 6,116,163</b>



## Big Brothers/Big Sisters of Middle Tennessee

### Statement of Activities For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions of cash and other financial assets			
General contributions	\$ 311,902	\$ -	\$ 311,902
Contributions of cash and other financial assets, special events	834,642	-	834,642
Grants, other	408,417	174,580	582,997
Fundraising events (net of direct benefit to donors of \$45,969)	255,542	-	255,542
Federal grants and contracts	1,401,919	-	1,401,919
State grants	750,000	-	750,000
United Way	114,459	-	114,459
Miscellaneous income	24,210	-	24,210
Interest income	90,434	-	90,434
Net assets released from restriction	<u>174,580</u>	<u>(174,580)</u>	<u>-</u>
Total revenues, gains, and other support	4,366,105	-	4,366,105
<b>Expenses</b>			
Program services	3,306,920	-	3,306,920
Supporting services			
Management and general	897,634	-	897,634
Fundraising	<u>506,794</u>	<u>-</u>	<u>506,794</u>
Total supporting services	<u>1,404,428</u>	<u>-</u>	<u>1,404,428</u>
Total expenses	4,711,348	-	4,711,348
Change in net assets	(345,243)	-	(345,243)
Net assets, beginning of year	<u>5,876,779</u>	<u>105,000</u>	<u>5,981,779</u>
Net assets, end of year	<b>\$ 5,531,536</b>	<b>\$ 105,000</b>	<b>\$ 5,636,536</b>

## Big Brothers/Big Sisters of Middle Tennessee

### Statement of Activities For the Year Ended June 30, 2022

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Revenues, Gains, and Other Support</b>			
Contributions of cash and other financial assets			
General contributions	\$ 135,867	\$ -	\$ 135,867
Contributions of cash and other financial assets, special events	701,513	-	701,513
Grants, other	4,026,098	75,000	4,101,098
Fundraising events	37,748	-	37,748
Federal grants and contracts	1,544,677	-	1,544,677
State grants	700,000	-	700,000
United Way	111,881	-	111,881
PPP loan forgiveness	361,892	-	361,892
Contributions of nonfinancial assets	22,696	-	22,696
Miscellaneous income	889	-	889
Interest income	2,911	-	2,911
Net assets released from restriction	163,159	(163,159)	-
Total revenues, gains, and other support	7,809,331	(88,159)	7,721,172
<b>Expenses</b>			
Program services	3,081,572	-	3,081,572
Supporting services			
Management and general	786,326	-	786,326
Fundraising	453,817	-	453,817
Total supporting services	1,240,143	-	1,240,143
Total expenses	4,321,715	-	4,321,715
Change in net assets	3,487,616	(88,159)	3,399,457
Net assets, beginning of year	2,389,163	193,159	2,582,322
Net assets, end of year	<b>\$ 5,876,779</b>	<b>\$ 105,000</b>	<b>\$ 5,981,779</b>

## Big Brothers/Big Sisters of Middle Tennessee

### Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program services	Supporting services		Total expenses
		Management and general	Fundraising	
<b>Salaries and Related Expenses</b>				
Salaries	\$ 1,754,240	\$ 321,430	\$ 292,092	\$ 2,367,762
Payroll taxes	133,966	28,398	22,715	185,079
Employee benefits	181,150	39,931	19,456	240,537
Total salaries and related expenses	2,069,356	389,759	334,263	2,793,378
<b>Other Expenses</b>				
Equipment rental and maintenance	-	4,533	25,627	30,160
Insurance	44,894	16,627	4,988	66,509
Mentoring activities	18,311	308	371	18,990
Meals and entertainment	25,543	29,059	25,750	80,352
National program fees	148,081	-	-	148,081
Occupancy	27,366	25,573	2,460	55,399
Office supplies	3,481	3,394	1,533	8,408
Postage	296	597	2,395	3,288
Professional fees	108,741	179,914	43,514	332,169
Public relations	54,877	18,144	762	73,783
Subrecipient expenditures, state grants	510,000	-	-	510,000
Technology	67,012	53,885	15,797	136,694
Telephone	21,831	6,827	2,306	30,964
Travel and staff training	29,349	30,697	10,833	70,879
Bank and credit card fees	-	842	11,740	12,582
Miscellaneous	35,015	84,598	8,592	128,205
Total other expenses	1,094,797	454,998	156,668	1,706,463
Total expenses before depreciation	3,164,153	844,757	490,931	4,499,841
Depreciation	142,767	52,877	15,863	211,507
Total expenses	\$ 3,306,920	\$ 897,634	\$ 506,794	\$ 4,711,348

## Big Brothers/Big Sisters of Middle Tennessee

### Statement of Functional Expenses

For the Year Ended June 30, 2022

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

## Big Brothers/Big Sisters of Middle Tennessee

### Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash, beginning of year	\$ 3,948,821	\$ 800,110
<b>Cash flows from operating activities</b>		
Change in net assets	(345,243)	3,399,457
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	211,507	145,101
Donated investments	-	(26,811)
PPP loan forgiveness	-	(361,892)
Change in:		
Accounts receivable	(18,070)	12,067
Grants receivable	20,783	126,049
Employee receivable	281	(15,211)
Prepaid expenses and other assets	(4,675)	49,032
Accounts payable and accrued expenses	55,483	(11,317)
Deferred revenue	(7,000)	22,000
Net cash provided (used) by operating activities	<u>(86,934)</u>	<u>3,338,475</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(207,774)	(216,575)
<b>Cash flows from financing activities</b>		
Proceeds from sale of investments	-	26,811
Net change in cash	<u>(294,708)</u>	<u>3,148,711</u>
Cash, end of year	<b>\$ 3,654,113</b>	<b>\$ 3,948,821</b>
<b>Supplemental disclosures of cash flow information</b>		
Property and equipment acquired with accounts payable	\$ 50,000	\$ -

**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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

**Nature of Activities**

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

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) as prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are available for use at the discretion of the Organization’s board of directors and/or management for general operating purposes.

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

**Use of Estimates**

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

**Cash**

The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash equivalents. Cash consists of the following as of June 30:

	<b>2023</b>	<b>2022</b>
Cash, operating	\$ 376,545	\$ 295,246
Cash, reserves	3,275,903	3,651,910
Cash, other	<u>1,665</u>	<u>1,665</u>
Total	<b>\$ 3,654,113</b>	<b>\$ 3,948,821</b>

**Accounts Receivable**

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2023 and 2022 are fully collectible.

**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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

**Property and Equipment**

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

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

US GAAP requires the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2023 no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to audit by taxing jurisdictions for years prior to 2020.

**Revenue Recognition**

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

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

**Contributions of Cash and Other Financial Assets**

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

**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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

**Contributions of Nonfinancial Assets**

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

**Functional Allocation of Expenses**

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

**New Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities and functional expenses. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Project's historical accounting treatment under ASC Topic 840, *Leases*. Leases are not material to the Organization's financial statements, and therefore, separate line-item presentation and additional disclosures are not presented.

**Note 2. Liquidity and Availability**

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



**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Liquidity and Availability**

Financial assets available for general expenditures are as follows:

	<b>2023</b>	<b>2022</b>
Financial assets		
Cash	\$ 3,654,113	\$ 3,948,821
Accounts receivable	18,070	-
Grants receivable	361,838	382,621
Employee receivable	<u>14,930</u>	<u>15,211</u>
Total financial assets at year-end	4,048,951	4,346,653
Less amounts not available to be used within one year		
Net assets with donor restrictions	105,000	105,000
Less: net assets with a purpose or time restrictions to be met in less than a year	<u>(105,000)</u>	<u>(105,000)</u>
	-	-
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 4,048,951</b>	<b>\$ 4,346,653</b>

**Note 3. Property and Equipment**

Property and equipment consist of the following as:

	<b>2023</b>	<b>2022</b>
Building and improvement	\$ 1,885,677	\$ 1,885,677
Furniture and equipment	256,288	256,288
Software	844,993	587,218
Less: accumulated depreciation	<u>(1,180,626)</u>	<u>(969,118)</u>
Property and equipment, net	<b>\$ 1,806,332</b>	<b>\$ 1,760,065</b>

**Note 4. PPP Loan**

In accordance with the PPP section of the CARES Act, the Organization received a draw in the amount of \$361,892 on March 3, 2021.

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

**Note 5. Line of Credit**

The Organization has a \$500,000 line of credit with a bank. The terms are one payment, with outstanding principal and interest due in May 2024, with monthly payments of all accrued unpaid interest due as of each payment date, beginning June 13, 2022. The interest rate is 4%. The outstanding balance was \$0 at June 30, 2023 and 2022.

**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 6. Contributions of Nonfinancial assets**

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

	<b>2023</b>	<b>2022</b>
Meals and entertainment	\$ -	\$ 20,529
Mentoring activities	<u>-</u>	<u>2,167</u>
Total contributions of nonfinancial assets	<b>\$ -</b>	<b>\$ 22,696</b>

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

**Note 7. Net Assets Without Donor Restrictions**

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

	<b>2023</b>	<b>2022</b>
Low-income youth	\$ 105,000	\$ 75,000
Maddox Charitable Gift	<u>-</u>	<u>30,000</u>
	<b>\$ 105,000</b>	<b>\$ 105,000</b>

**Note 8. Concentrations**

The Organization receives a substantial amount of its revenues from federal and state grants. A significant reduction in the level of this support, if it were to occur, could have an adverse impact on the Organization's programs and services. Amounts included in revenues from federal and state grants totaled 50% and 30% in the years ended June 30, 2023 and 2022, respectively.

The Organization receives a substantial amount of its revenues from one contribution appeal. A significant reduction in the level of response, if it were to occur, could have an adverse impact on the Organization's programs and services. Amounts included in contributions revenues from this appeal totaled 19% and 15% in the years ended June 30, 2023 and 2022, respectively.

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. As of June 30, 2023 and 2022, \$3,347,232 and \$3,869,481, respectively, were in excess of federally insured limits.

**Note 9. Commitments and Contingencies**

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

**Big Brothers/Big Sisters of Middle Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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Note 10. **Subsequent Events**

Management has evaluated subsequent events through November 3, 2023, the date on which the financial statements were available for issuance.

In October 2023, the Organization established the Dream Big Fund Trust (the Trust). The Trust was formed as a supporting organization to manage any assets contributed to it by the Organization, to supplement the financial resources of the Organization for capital projects, and to promote an understanding of, and appreciation for, the mission and work of the Organization.

## **Compliance Section**

**Big Brothers/Big Sisters of Middle Tennessee**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2023

Grantor / Pass-through grantor	Program name	Assistance listing number	Contract number	Amount passed-through to subrecipients	Expenditures
<b>Federal Awards</b>					
Department of Justice Tennessee Office of Criminal Justice Programs	Crime Victim Assistance	16.575	65397	\$ -	\$ 200,000
Department of Health and Human Services Tennessee Department of Human Services	Temporary Assistance for Needy Families (TANF)	93.558	62259	-	536,621
Tennessee Department of Mental Health and Substance Abuse Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	74156	-	302,500
Tennessee Department of Mental Health and Substance Abuse Services	COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	73730	-	314,199
Total 93.959				<u>-</u>	<u>616,699</u>
Total federal awards				-	1,353,320
<b>State Financial Assistance</b>					
Tennessee Department of Correction	Tennessee Amachi Mentoring Initiative	N/A	N/A	172,500	250,000
Tennessee Department of Human Services	Tennessee Alliance Program	N/A	N/A	<u>340,000</u>	<u>500,000</u>
Total state financial assistance				512,500	750,000
Total federal awards and state financial assistance				<b>\$ 512,500</b>	<b>\$ 2,103,320</b>

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

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Organization for the year June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2. Indirect Cost Rate**

The Organization has elected to use the 10% de minimus rate unless a different percentage is approved within the grant budget.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Big Brothers/Big Sisters of Middle Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Brothers/Big Sisters of Middle Tennessee (a not-for-profit organization, the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated November 3, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Goodlettsville, Tennessee  
November 3, 2023



## **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  
Big Brothers/Big Sisters of Middle Tennessee

### **Report on Compliance for Each Major Federal Program *Opinion on Each Major Federal Program***

We have audited Big Brothers/Big Sisters of Middle Tennessee's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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



### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Goodlettsville, Tennessee  
November 3, 2023

**Big Brothers/Big Sisters of Middle Tennessee**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2023

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**Section I. Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs (Assistance Listing and name of federal program or cluster)	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II. Financial Statement Findings**

None.

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

None.

**Big Brothers/Big Sisters of Middle Tennessee**  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2023

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Section I. **Financial Statement Findings**

There were no prior year findings reported.

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

There were no prior year findings or questioned costs reported.