Boys & Girls Clubs of the Tennessee Valley

Financial Statements with Accompanying Information

Years Ended June 30, 2021 and 2020

and

Independent Auditors' Report

Boys & Girls Clubs of the Tennessee Valley

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HG&A Associates, P.C.
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys & Girls Clubs of the Tennessee Valley
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Boys & Girls Clubs of the Tennessee Valley (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Clubs of the Tennessee Valley as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information included on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards included on pages 25 and 26, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of the Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley's internal control over financial reporting and compliance.

HG&A Associates, P.C.

Knoxville, Tennessee

January 11, 2022

Boys & Girls Clubs of the Tennessee Valley
Statements of Financial Position
June 30, 2021 and 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	$ 2,206,617	1,504,593
Investments	1,181,655	809,263
Grants receivable:		
Federal and state	1,354,950	911,996
Fee vouchers receivable	1,850	31,993
Interest and dividend receivable	2,677	916
Other receivables	77,294	4,291
Unconditional promises to give, net of allowance for uncollectible amounts - current portion:		
Capital	673,296	1,433,976
Operating	180,730	318,524
Prepaid expenses	53,672	52,063
Prepaid insurance	14,386	13,873
Total current assets	5,747,127	5,081,488
Restricted and designated cash and investments:		
Endowment funds:		
Restricted:		
Cash	697	1,174
Investments	138,663	115,712
Designated:		
Cash	13,795	13,131
Investments	2,750,672	1,294,047
Total endowment funds	2,903,827	1,424,064
Other restricted assets:		
Cash	532,133	845,112
Investments	12,797	-
Total restricted and designated cash and investments	3,448,757	2,269,176
Unconditional promises to give, net of allowance for uncollectible amounts - long-term portion:		
Capital	2,108,033	3,418,509
Operating	30,815	219,238
Property and equipment, net of accumulated depreciation	14,476,319	14,327,534
Deposits	500	950
Other assets:		
Beneficial interest in assets held by others	16,634	13,240
Total assets	$ 25,828,185	25,330,135

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

		2021	2020
Current liabilities:			
Loans payable - current portion	$	-	390,712
Accounts payable		691,878	445,405
Accrued expenses		266,651	255,009
Deferred revenue		603,037	517,987
Total current liabilities		1,561,566	1,609,113
Loans payable, less current portion		4,466,466	8,074,064
Total liabilities		6,028,032	9,683,177
Net assets:			
Without donor restrictions:			
Board designated - beneficial interest in assets held by others		16,634	13,240
Board designated endowment funds		2,764,467	1,307,178
Undesignated		13,568,943	8,512,058
With donor restrictions		3,450,109	5,814,482
Total net assets		19,800,153	15,646,958
Total liabilities and net assets	$	25,828,185	25,330,135

Boys & Girls Clubs of the Tennessee Valley
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Contributions	$ 1,893,089	909,672	2,802,761	2,471,707	297,746	2,769,453
Contributions - in-kind	692,575	-	692,575	439,571	-	439,571
Special events, net of direct expenses of $130,083 in 2021 and $166,064 in 2020	634,358	-	634,358	586,283	-	586,283
Allocation - Knoxville Community Development Corporation	100,000	-	100,000	100,000	-	100,000
Allocation - United Way	962,309	-	962,309	955,424	-	955,424
Support from government agencies	9,042,211	-	9,042,211	4,156,262	-	4,156,262
PPP loan forgiveness	806,000	-	806,000	-	-	-
Proceeds from vendor/voucher program	113,059	-	113,059	529,698	-	529,698
Activity fees and income	8,075	-	8,075	13,995	-	13,995
Day care fees	28,235	-	28,235	860,343	-	860,343
Other support and revenue	10,644	-	10,644	713,941	-	713,941
Income from investments	49,745	1,496	51,241	42,478	969	43,447
Rental income	54,252	-	54,252	65,851	-	65,851
Net realized and unrealized gains (losses) from investments	559,512	20,945	580,457	21,156	(691)	20,465
Gain on disposition of assets	3,427	-	3,427	-	-	-
Net assets released from restrictions:						
Restrictions satisfied by payments	3,296,486	(3,296,486)	-	3,362,081	(3,362,081)	-
Total revenue	18,253,977	(2,364,373)	15,889,604	14,318,790	(3,064,057)	11,254,733
Expenses:						
Program services - child development	9,154,457	-	9,154,457	7,652,148	-	7,652,148
Management and general	1,521,937	-	1,521,937	2,349,437	-	2,349,437
Development and fundraising	1,060,015	-	1,060,015	631,518	-	631,518
Total expenses	11,736,409	-	11,736,409	10,633,103	-	10,633,103
Increase (decrease) in net assets	6,517,568	(2,364,373)	4,153,195	3,685,687	(3,064,057)	621,630
Net assets, beginning of year	9,832,476	5,814,482	15,646,958	6,146,789	8,878,539	15,025,328
Net assets - end of year	$ 16,350,044	3,450,109	19,800,153	9,832,476	5,814,482	15,646,958

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of the Tennessee Valley
Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

	2021				2020			
	Total Program Services	Management and General	Development and Fund Raising	Total	Total Program Services	Management and General	Development and Fund Raising	Total
Salaries and wages	$ 3,950,595	796,770	236,109	4,983,474	3,615,499	928,910	248,305	4,792,714
Employee benefits	270,693	14,668	23,832	309,193	246,872	45,374	27,527	319,773
Employee retirement	177,211	57,281	13,545	248,037	200,157	66,404	15,621	282,182
Workers compensation	10,939	8,206	1,394	20,539	14,248	2,476	773	17,497
Payroll taxes	249,184	86,023	16,682	351,889	254,705	71,470	19,497	345,672
Recruitment/hiring costs	385	14,568	-	14,953	-	16,654	-	16,654
Total salaries and related expenses	4,659,007	977,516	291,562	5,928,085	4,331,481	1,131,288	311,723	5,774,492
Profesional fees	219,188	124,980	105,633	449,801	188,251	137,988	203,825	530,064
Office supplies	4,541	5,304	1,784	11,629	12,071	3,581	510	16,162
Program supplies	1,321,751	24,464	1,131	1,347,346	884,829	122,044	1,560	1,008,433
Food costs	322,953	-	-	322,953	426,985	-	-	426,985
Telecommunications	134,716	342	1,287	136,345	113,619	483	1,858	115,960
Postage and shipping	120	7,318	2,725	10,163	142	9,367	1,554	11,063
Rent expense	60,348	2,711	-	63,059	45,144	160	-	45,304
Building repairs and maintenance	713,218	4,236	-	717,454	84,220	329,620	-	413,840
Utilities	336,231	7,436	2,142	345,809	362,408	17,512	5,028	384,948
Equipment repairs and maintenance	258,096	58,076	2,470	318,642	239,661	93,044	4,185	336,890
Printing, promotion and publications	3,208	6,694	15,628	25,530	1,716	7,985	12,656	22,357
Fleet transportation	393,226	33	-	393,259	323,141	-	-	323,141
Travel expenses	5,019	864	1,241	7,124	10,220	3,446	1,168	14,834
Training and meetings	14,918	11,693	23,186	49,797	9,905	13,067	8,819	31,791
Dues	60,191	2,734	-	62,925	33,103	18,649	310	52,062
Interest expense	-	225,621	-	225,621	-	379,654	-	379,654
Insurance (non-health)	108,405	4,355	1,387	114,147	90,400	3,608	1,124	95,132
Uncollected pledges and campaign expenses	-	-	548,463	548,463	-	-	47,601	47,601
Miscellaneous expenses	9,164	45,721	61,060	115,945	32,131	17,565	9,472	59,168
Total before depreciation	8,624,300	1,510,098	1,059,699	11,194,097	7,189,427	2,289,061	611,393	10,089,881
Depreciation	530,157	11,839	316	542,312	462,721	60,376	20,125	543,222
	$ 9,154,457	1,521,937	1,060,015	11,736,409	7,652,148	2,349,437	631,518	10,633,103

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of the Tennessee Valley
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 4,153,195	621,630
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	542,312	543,222
Realized and unrealized gains (losses) on investments, net	(540,613)	(16,304)
Gain on disposition of assets	(3,427)	-
In-kind contributions of capital assets	(206,000)	-
Change in allowance for uncollectible promises to give	476,404	(102,721)
Change in present value discount of uncollectible promises to give	(131,883)	(619,414)
Change in operating assets and liabilities:		
Unconditional promises to give	2,052,852	2,623,830
Grants receivable	(442,954)	(331,305)
Fee vouchers receivable	30,143	18,049
Special events receivable	-	817
Interest, dividends and other receivables	(74,764)	33,690
Prepaid expenses	(1,609)	(19,370)
Prepaid insurance	(513)	(13,309)
Deposits	450	13,200
Accounts payable	246,473	(442,586)
Accrued expenses	11,642	35,806
Deferred revenue	85,050	342,541
Net cash provided by operating activities	6,196,758	2,687,776
Cash flows from investing activities:		
Purchases of property and equipment	(486,420)	(130,874)
Proceeds from sale of property and equipment	4,750	-
Proceeds from sale of investments	674,576	159,546
Purchases of investments	(1,998,728)	(897,040)
Increase in beneficial interest in assets held by others	(3,394)	(5,240)
Net cash used by investing activities	(1,809,216)	(873,608)
Cash flows from financing activities:		
Loan proceeds	-	9,898,873
Debt issuance costs	8,778	(41,755)
Principal payments on loans payable and line of credit	(4,007,088)	(11,338,976)
Net cash used by financing activities	(3,998,310)	(1,481,858)
Net increase in cash and cash equivalents	389,232	332,310
Cash and cash equivalents - beginning of year	2,364,010	2,031,700
Cash and cash equivalents - end of year	$ 2,753,242	2,364,010
Reconciliation of Cash on Statement of Cash Flows to Statement of Financial Position:		
Cash and cash equivalents	$ 2,206,617	1,504,593
Restricted cash - endowment and other	532,830	846,286
Designated cash	13,795	13,131
	$ 2,753,242	2,364,010

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(1) Nature of Activities and Significant Accounting Policies

(a) Nature of Activities

The Boys & Girls Clubs of the Tennessee Valley (the Organization) is a nonprofit corporation that provides services based on principles of behavioral guidance which will promote health, social education, vocational, character and leadership development of their membership.

(b) Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to grantor or donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(d) Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities along with realized gains and losses.

(e) Accounts Receivable

Accounts receivable primarily consists of the following: (1) grants receivable – routine revenues receivable from federal and state governments; (2) fee vouchers receivable – revenues from the Department of Human Services for child care programs at Boys & Girls Clubs Centers in order to help with the support to allow families to work and/or attend school while promoting child physical, emotional, educational and social development; and (3) other receivables – the 2021 reporting period includes revenues due from the Boys & Girls Clubs in Tennessee. All of these receivables are considered fully collectible. Therefore, an allowance for uncollectible accounts is not considered necessary.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(1) Nature of Activities and Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenue and Cost Recognition
Revenue is measured based on consideration specified in a contract with a customer. The Organization recognizes revenue when it satisfies a performance obligation which is determined by a series of services performed or upon delivery of a promised good or service, for example, programs provided to our participating youth. Contract terms are determined based on the expected completion dates of each performance obligation.

Contract modifications are routine in the performance of any contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are distinct, and therefore, accounted as part of the existing contract.

Performance Obligation
A performance obligation is a promise to transfer a distinct good or service to the customer and is the unit of account in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our service contracts satisfied at a point in time have a single performance obligation that is based on the service specifically described in the contracts.

All of our revenue is recognized at a point in time rather than over time. Upon fulfillment of the performance obligation, which is the delivery of the service and reimbursement requests to the customer, the customer is provided documentation demonstrating transfer of control to the customer. The Organization believes that point in time recognition remains appropriate for this segment and will continue to recognize revenues upon completion of the performance obligation and issuance of any documentation related to that service provided.

Contract Estimates
Contract estimates are based on various assumptions to project the outcome of future events. These assumptions include estimated transaction price changes by third party payers and estimated penalties determined by the oversight agencies over some contracts. There were not any contract estimates for the years ended June 30, 2021 and 2020.

Grants
The Organization recognizes grant revenues from federal and State of Tennessee grantors when the grant is awarded or when the expenditures are completed that allow for reimbursement by the grantor depending upon the type of grant obtained by the Organization. At June 30, 2021 and 2020, no allowance was considered necessary for uncollectible grant receivables.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(1) Nature of Activities and Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

Promises to Give

Contributions are recognized when a donor makes a written promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Promises to give that extend beyond one year from the end of the fiscal year are recorded at their estimated present values, discounted at 6%.

Donated Services

The Organization received donated services from a number of unpaid volunteers who assist the Organization in many of its activities. No amounts have been recognized in the statement of activities for donated services because the criteria for recognition under Statement of Financial Accounting Standards have not been satisfied with the exception of accounting services donated in 2021 and 2020.

(g) Property, Equipment and Depreciation

Property and equipment in excess of $500, increased to $2,500 by the corporate board in April, 2021, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted donor support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation expense for the years ended June 30, 2021 and 2020, was $542,312 and $543,222, respectively, computed using the straight-line and declining balance methods over the estimated useful lives of the assets, which range from five to thirty-nine years.

(h) Compensated Absences

The Organization's policy concerning vacations allows for up to 40 hours of vacation time to roll over to the following year. Accrued compensated absences at June 30, 2021 and 2020, of $135,859 and $148,345, respectively, are included in accrued expenses.

(i) Functional Allocation of Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(1) Nature of Activities and Significant Accounting Policies (continued)

(j) Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Internal Revenue Service has determined that the Organization is not a private foundation under Internal Revenue Code Section 509(a). There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year 2021 and 2020.

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(l) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02 – *Leases*. The standard requires all leases with lease terms over twelve months to be capitalized as a right to use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. This standard will be effective for annual periods beginning after December 15, 2021. Management is evaluating the potential impact of the adoption of this standard.

(2) Liquidity and Availability of Resources

The Organization consistently reviews its net asset balances *with* and *without* donor restrictions to ensure appropriate availability of assets to meet obligations as they come due. Therefore, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year end:	2021	2020
Cash and cash equivalents	$ 2,206,617	1,504,593
Investments	1,181,655	809,263
Accounts receivable - government grants	1,354,950	911,996
Accounts receivable - fee vouchers	1,850	31,993
Accounts receivable - other	79,971	5,207
Unconditional promises to give, current portion	854,026	1,752,500
	5,679,069	5,015,552
Donor imposed restrictions	(673,296)	(1,433,976)
Net financial assets after donor-imposed restrictions	$ 5,005,773	3,581,576

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(2) Liquidity and Availability of Resources (continued)

The Organization's primary revenue sources *not* subject to donor restrictions are from state and federal grants, contributions, day care fees, annual campaigns, and annual fundraising events. The Organization's primary revenue sources with donor restrictions are from donations related to the capital campaign to raise money for debt reduction. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. As noted in the table above, financial assets *with* donor-imposed restrictions are unavailable for general expenditures within one year of the statement of financial position date.

As of June 30, 2021, the Organization had approximately $533,000 of cash and cash equivalents and $151,500 of investments with donor-imposed restrictions along with approximately $2,764,500 cash and investments in board designated funds that are subject to restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As described in Note 14, the Organization also has access to lines of credit with two local banks available for general operations.

(3) Concentration of Credit Risk for Deposits Held in Bank

The Organization's bank deposits consist of various checking and money market accounts. At June 30, 2021 and June 30, 2020, the bank deposits exceeded Federal Deposit Insurance Corporation insurance limits by $2,081,903 and $1,344,352, respectively.

(4) Functional Allocation Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program, fund-raising, or management categories based on specific identification or management's allocation, based on expenditures and assessment of time and effort devoted to the respective functions. During the years ended June 30, 2021 and 2020, the Organization incurred no joint costs involving fundraising appeals.

(5) Net Assets with Donor Restrictions

Substantially all of the restrictions on net assets at June 30, 2021 and 2020, relate to funds raised through capital campaigns and the Organization's continuing endowment campaign. The newest capital campaign, which was approved in December 2017, was to raise $10,000,000 for debt reduction. The previous campaign, which began in 2014, was to provide funds for a new building, technology upgrades and operations. Cash and promises to give raised through capital campaigns are restricted for campaign objectives until payments are made for the capital objectives. Interest earned on the investment of such support is restricted.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(5) Net Assets with Donor Restrictions (continued)

At June 30, 2021 and 2020, net assets with donor restrictions consisted of the following:

	2021 With Donor Restrictions	2020 With Donor Restrictions
Cash and cash equivalents	$ 530,117	846,286
Investments	138,663	115,712
Capital unconditional promises to give:		
Vision 2020 Capital Campaign	2,774,442	3,995,976
2014-2018 Capital Campaign	1,057,896	1,526,620
Less:		
6% present value discount	(302,042)	(414,718)
Allowance for doubtful promises to give	(748,967)	(255,394)
	$ 3,450,109	5,814,482

Capital unconditional promises to give are as follows at June 30, 2021:

Year Ended June 30	
2022	$ 854,621
2023	848,072
2024	1,831,000
2025	213,250
2026	70,395
2027	15,000
	3,832,338
6% present value discount	(302,042)
Allowance for doubtful promises to give	(748,967)
Net unconditional promises to give	$ 2,781,329

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(5) Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by satisfaction of donor requirements during the years ended June 30, 2021 and 2020, and were used for the following purposes:

	2021	2020
Debt service:		
Principal and interest	$ 2,217,550	2,810,316
Supplies and other expenses	339,817	143,592
Salaries and benefits	226,839	81,465
Operations and program expenses	512,280	303,070
Technology	-	23,638
	$ 3,296,486	3,362,081

(6) Investments

The Organization's investments in debt and equity securities with readily determinable fair values are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. Definitions of these inputs are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(6) Investments (continued)

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. When no level 1 inputs are available the Organization utilizes Level 2 inputs or Level 3 inputs. No Level 2 or Level 3 inputs were utilized in 2021 or 2020. There were not any changes in the valuation techniques during either fiscal year.

Investments in mutual funds at June 30, 2021 and 2020, are as follows:

	2021			2020		
	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)
Equities	$ 1,144,483	1,744,993	600,510	817,287	979,380	162,093
International equities	529,475	616,710	87,235	327,180	315,343	(11,837)
Fixed income	1,593,514	1,582,941	(10,573)	795,713	819,295	23,582
Real asset	119,873	139,143	19,270	123,011	105,004	(18,007)
	$ 3,387,345	4,083,787	696,442	2,063,191	2,219,022	155,831

The following summarizes the mutual funds investment income and expenses for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 57,308	47,014
Net realized gain	36,252	12,609
Net unrealized gain	540,614	7,806
Investment expenses – fees	12,694	7,688

(7) Retirement Plan

Effective October 1, 2009, the Organization's money purchase plan was amended to become a 401(k) plan. The amended plan allows eligible employees to make contributions of up to the maximum dollar limit which is set by law ($19,500 for 2021 and 2020). Employees who will attain age 50 before the end of the calendar year may elect to defer additional "catch-up" contributions up to the maximum dollar limit which is set by law ($6,500 for 2021 and 2020). The amended plan does not require an employer contribution. Effective November 15, 2013, the plan was restated to allow participants to borrow from their fund accounts. The maximum number of loans outstanding at any one time by a participant is one. Pension contributions made for each participant represent a percentage of the participant's annual compensation. Pension expense for the years ended June 30, 2021 and 2020 was $248,037 and $282,182, respectively, which included a plan administration fee of $6,760 and $5,865, respectively.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(8) Related Party Transactions

The Organization's Board of Directors and their companies are given equal opportunity to bid on items and services required by the Organization. In 2021 and 2020, the Organization purchased insurance totaling $134,685 and $112,629, respectively, from a company in which a director of the Organization was a risk advisor at that company. The Organization has a line of credit agreement and a building bond loan agreement with a financial institution, in which a director of the Organization is a Senior Vice President. The Organization has three bank accounts with a financial institution in which a director of the Organization is a Vice President. There are two companies the Organization does business with regularly in which the company presidents are board members of the Organization.

At June 30, 2021 and 2020, capital campaign pledges due from various members of the Organization's Board of Directors were $154,420 and $394,070, respectively. The pledges are receivable through June 2026.

At June 30, 2021 and 2020, various members of the Organization's Board of Directors made operating pledges to the Organization totaling $7,900 and $12,159, respectively. The pledges are receivable through 2022.

(9) Donated Materials, Supplies and Services

Donated materials, supplies and services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The following is a list of non-cash donations valued at greater than $30,000 by the Organization that are included within in-kind contributions:

			Estimated Fair Value	
Donor	Description		2021	2020
Knoxville Community Development Corporation	Facilities, utilities and maintenance	$	558,961	328,219
Volunteer	Accounting services		43,313	42,131
City of Knoxville	Facility rental		37,938	9,484
Kaboom!	Court surfacing, tools and materials		-	50,020

Donated material and supplies totaling $11,656 and $30,980 for the years ended June 30, 2021 and 2020, respectively, are included in special event revenue and expenses. There were no individual special events donations valued at greater than $30,000.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(10) Deferred Revenue

Deferred revenue activity for the years ended June 30, 2021 and 2020, are as follows:

		2021	2020
Hall of Fame	$	293,637	161,096
Fulmer Golf Classic		-	137,500
Gift of Hope		97,100	39,000
Pipeline Program		160,000	100,000
Other		52,300	80,391
	$	603,037	517,987

(11) Property, Equipment and Accumulated Depreciation

At June 30, 2021 and 2020, property, equipment and accumulated depreciation consist of the following:

		2021	2020
Buildings	$	17,061,208	16,873,608
Building improvements		1,043,954	853,327
Leasehold improvements		98,479	82,699
Land		634,910	616,510
Land improvements		353,902	353,902
Vehicles		482,577	471,240
Machinery and equipment		532,275	432,959
Furniture and fixtures		248,467	248,467
Computer software		679,857	679,857
Computer hardware		771,444	689,158
Other - not yet in service		75,048	13,921
		21,982,121	21,315,648
Less accumulated depreciation		(7,505,802)	(6,988,114)
	$	14,476,319	14,327,534

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(12) Leases

The Organization leases its Vestal facilities from the City of Knoxville for $37,938 per year. Under the terms of the agreement, the City has granted the Organization the perpetual right to occupy this location as long as the Organization provides its activities to youth. In the event the Organization no longer provides activities for youth, the City may terminate the lease at any time without cause upon 30 days written notice. After the first quarter of 2020, the City of Knoxville is no longer charging the Organization for the use of the building. The lease expense has been included with in-kind contributions as shown in Note 9.

The Organization leases its Fort Craig facilities from the City of Maryville for $500 a month. The current contract expires December 31, 2023.

On June 27, 2018, the Organization entered into a contract for the lease of eighteen copiers for 60 months at a rate of $4,029 a month.

Future minimum lease payments under non-cancelable leases at June 30, 2021, are as follows:

June 30		Leases
2022	$	54,348
2023		54,348
2024		3,000

(13) Operating Unconditional Promises to Give

During fiscal year 2021, the Organization continued its operating funds pledge campaign. The Organization had $225,194 in pledge receivables at June 30, 2021, related to the pledge campaign.

Future pledge payments at June 30, 2021, are as follows:

Years ended June 30		
2022	$	190,194
2023		25,000
2024		10,000
		225,194
less: 6% present value discount		(2,515)
		222,679
Allowance for uncollectible pledges		(11,134)
Net unconditional promises to give	$	211,545
Amounts due in less than one year	$	180,730
Amounts due in one to three years		30,815
	$	211,545

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(14) Line of Credit

On January 22, 2013, the Organization entered into a $450,000 line of credit with a local bank to provide funds for short-term operating needs, capital campaigns and renovations or furnishing of locations. This line of credit has been renewed annually. The line of credit is collateralized by property on Dry Gap Pike. Principal is due in full on October 7, 2023. During the year ended June 30, 2020, the line was used as needed for various operating needs of the Organization. However, there was not any unpaid balance on the line at June 30, 2020. Interest is payable monthly at the bank's base rate, which was 4% at June 30, 2020. Interest incurred for the use of the line of credit and charged to expense for the year ended June 30, 2020 was $7,423. There was no drawdown from the line of credit during 2021 and therefore the Organization incurred no interest expense.

In April, 2020, the Organization entered into a $500,000 line of credit with another local bank. No funds have been drawn down against this line of credit through June 30, 2021, and the interest rate and loan ending date follow the same terms as described in Note 15 (a).

(15) Loans Payable

The Organization has the following loans payable:

		2021	2020
(a) A refinancing loan was issued to provide funds to pay off the Organization's outstanding construction loan (see b); the full amount of the proceeds were used to pay off the balance. Interest payments are being paid monthly beginning March 5, 2020. Mandatory principal reductions are to be made per scheduled dates as shown below. The debt issue costs being amortized are netted against the outstanding balance.	$	4,466,466	7,658,776
(b) Note due to a bank for the Payroll Protection Program. See additional information for this note below.		-	806,000
		4,466,466	8,464,776
Less: current maturities		-	(390,712)
	$	4,466,466	8,074,064

(continued)

(15) Loans Payable (continued)

Refinancing Loan

On January 31, 2020, proceeds from the sale of Revenue Bond Series 2020 by the Industrial Development Board of the County of Knox were purchased by a bank and loaned to the Organization, see (a) above, to provide funds to refinance the Organization's outstanding loan, noted at (b) above. These proceeds of $8,792,874 were used to pay off the outstanding loan balance as of that date. This loan has an interest rate of 3.25% and is to be paid monthly for 60 months until the loan matures on December 31, 2024. The Organization has made advance principal payments of $3,155,000 as of June 30, 2021. Mandatory principal reductions are required as follows:

Date	Amount
12/31/2021	$ -
12/31/2022	-
12/31/2023	845,000
12/31/2024	3,650,000

Debt issuance costs of $41,755 are being amortized using the straight-line method over the life of the loan. Accumulated amortization at June 30, 2021 relating to the debt issuance costs was $13,221.

Payroll Protection Program Loan

On April 16, 2020, the Organization obtained a loan through a bank in the amount of $806,000 under the Payroll Protection Program ("PPP"). This loan bears interest at a rate of 1% with a term of two years, maturing on April 16, 2022. The PPP is a loan program designed to provide a direct incentive for small businesses to keep their workers on their payroll. Although this loan is being originated by a bank, it is part of a program to be funded by the United States Treasury, with qualification overseen by the Small Business Administration ("SBA").

It is intended that loans funded through the PPP may be forgiven. SBA has advised that these loans will be fully forgiven if employees of the Borrower are kept on the payroll for eight (or twenty-four) weeks, the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 60% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for seven months with the first payment due to begin in November of 2020. No collateral or personal guarantees are required by the Organization, but the Organization is responsible for repayment of any portion of the loan that is not forgiven, payable in forty-four equal installments commencing sixteen months from the date the loan is funded. Neither the government nor lenders will charge small businesses any fees. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels and providing complete documentation of those expenses as may be required by SBA. Forgiveness will be reduced if full-time employee headcount declines or if salaries and wages decrease, or if expense documentation does not comply with SBA requirements.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(15) Loans Payable (continued)

Payroll Protection Program Loan (continued)

The SBA has guaranteed to make all required payments that the Organization is unable to make on the PPP loan. The Organization is not required to repay the SBA for any payments the SBA makes pursuant to the guarantee. This arrangement is considered a nonexchange financial guarantee. According to Governmental Accounting Standards Board (GASB) Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantee*, when an entity that has issued an obligation that has received a nonexchange financial guarantee is legally released as an obligor from the obligation and from any liability to the guarantor, the entity should recognize revenue to the extent of the reduction of its guaranteed liabilities. Based on this guidance and the fact that the Organization had not been legally released from the debt related to the PPP loan as of June 30, 2020, the PPP loan proceeds were recorded as a liability on the statement of net position at June 30, 2020. The Organization and the SBA made no principal or interest payments on the PPP loan during the fiscal year ended June 30, 2020.

In late 2020 the Organization submitted the required documentation seeking to have the loan forgiven by the SBA. On January 11, 2021, the Organization was notified that the full amount obtained under the program of $806,000 was forgiven. The Organization recognized this forgiveness as revenue in the Statement of Activities in this 2021 fiscal year.

(16) Rental Income

On April 1, 2010 the Organization began renting a portion of its Lenoir City facilities on a month-to-month basis at a rate of $1,250 per month. In August 2012, this rate increased to $1,750. On November 1, 2013, a three-year contract was signed for a monthly rate of $2,050. On November 1, 2016, a three-year contract was signed for the same monthly rate. This contract has not been renewed but is continuing to operate with the same agreement.

On September 19, 2010, the Organization entered into an agreement to lease a portion of its Halls/Powell facilities to White Stone Church at a rate of $2,000 per month. This contract has not been renewed but is continuing to operate with the same agreement.

Total rental income for these and other miscellaneous rental activity for 2021 and 2020 was $54,252 and $65,851, respectively.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(17) Service Agreement

The Organization provides management services to the Tennessee Alliance of Boys & Girls Clubs and Boys & Girls Clubs in Tennessee, both non-profit organizations. The service agreement is renewed annually and adjusted as needed to cover increased costs. For the year ended June 30, 2021, the total cost was $128,500, with quarterly installments of $32,500 for the quarters ending September 30 and December 31 of 2020 and $31,750 due for quarters ending March 31 and June 30 of 2021. Reimbursements of expenses received under these agreements for the year ended June 30, 2021, totaled $96,250, with the remainder in other receivables at year end.

(18) Endowment Funds

Without Donor Restrictions – Board Designated

The Organization's Board of Directors had designated certain cash and investments as a general endowment. This endowment is not donor-restricted and therefore is reported as net assets without donor restrictions. The investment objectives are (1) to achieve a total annual return after expenses of 8% - 9% and (2) to achieve the highest level of income without undue risk and consistent with the need for long-term capital appreciation. At least annually, the Organization has the right to withdraw up to 4.5% of the average of the last three years' June 30th balances. If all is not withdrawn it is carried forward to future years.

Changes in board designated endowment funds for the years ended June 30, 2021 and 2020, were as follows:

	2021	2020
Beginning of year	$ 1,307,178	1,361,701
Contributions	1,100,150	16,956
Investment income	35,192	37,217
Net realized/unrealized gains (losses)	332,860	(7,907)
External trust fees	(10,913)	(7,070)
Released for operations	-	(93,719)
End of year	$ 2,764,467	1,307,178

Investment revenues are report net of related external trust fees in the statement of activities. The amount of expenses netted with revenues relating to board designated endowment funds was $10,913 and $7,070 for the years ended June 30, 2021 and 2020, respectively.

With Donor Restrictions

Endowment funds with donor restrictions totaled $139,360 at June 30, 2021, and $116,886 at June 30, 2020. The change in endowment funds with donor restrictions of $22,474 is due to investment income earned, netted against external trust fees of $687, and realized and unrealized gains and losses.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(19) Designated by Board - Beneficial Interest in Assets Held by Others

During the year ended June 30, 2015, the Organization transferred $5,000 to the East Tennessee Foundation (the "Foundation") to be held at the Foundation as the Boys & Girls Clubs of the Tennessee Valley Endowment Fund (the "Fund"). The Foundation, The Boys & Girls Clubs of the Tennessee Valley, and any other person or organization may from time to time make additional contributions to the Fund. The Fund will be invested and all growth in the Fund, including gains and undistributed income, shall be retained in the Fund and added to the Fund's balance. Annual Distribution Amount will be granted to the Boys & Girls Clubs of the Tennessee Valley unless the Organization indicates the amount is to be retained by the Fund. Upon written request from the Organization, detailing the reasons for the request and evidence that the request was approved by two-thirds vote of the Board of Directors of the Organization, grants in excess of the Annual Distribution amount may be distributed exclusively for the exempt purpose of the Fund. The Foundation is the owner of the Fund and it shall have the ultimate authority and control over the Fund, including the income and distributions, for the charitable purposes of the Foundation.

Amounts transferred to the Foundation are reported as beneficial interest in assets held by others.

During the year ended June 30, 2020, $5,240 was transferred into the Fund and is shown in contributions of the Organization. No additional funds were transferred into the Fund in 2021.

(20) Commitments

On August 1, 2016, the Organization entered into a contract renewable up to five years with a local bus lines transporter to provide transportation for specific clubs for Knox County School instructional school days to be paid in installment payments of $45,000 per month for 10 months each fiscal year. Due to the COVID-19 pandemic, the Organization was not required to pay for the last one-half of the month of March 2020 and the entire months of April and May of 2020.

On August 1, 2020, the Organization entered into a one-year agreement with a consulting firm for professional services at a cost of $5,000 monthly. This agreement was renewed on August 1, 2021.

On April 30, 2019, the Organization entered into a 60-month agreement with a local company to manage day-to-day network operations at a cost of $9,200 a month. This agreement shall go month to month after the initial 60-month term. A 30-day written notice is required to terminate services once the month to month begins.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2021 and 2020

(21) Litigation

The Organization has been a defendant in a lawsuit which has been defended pursuant to insurance coverage carried by the Boys & Girls Clubs of the Tennessee Valley. This lawsuit is in the final stages of settlement and the agreement for any payment will be fully covered by insurance and without any funds to be paid by the Organization.

(22) Subsequent Events

Subsequent events have been evaluated through January 11, 2022, which is the date the financial statements were available to be issued. Based upon that evaluation the following events are noted:

- On July 26, 2021, the Organization entered into a one-year agreement effective August 1, 2021, with a consulting firm for professional services at a cost of $5,000 monthly.
- Subsequent to year end, the Organization has paid $2,775,000 in principal on the outstanding loan leaving an outstanding balance of $1,720,000.
- On August 1, 2021, the Organization entered into a contract renewable up to five years with a local bus lines transporter to provide transportation for specific clubs for Knox County School instructional school days to be paid in installment payments of $46,800 per month for 10 months each fiscal year.

(23) Supplemental Disclosures of Cash Flow Information

Interest totaling $225,621 and $379,654 was paid in 2021 and 2020, respectively.

(24) Reclassifications

Certain items previously reported in the 2020 financial statements have been reclassified to facilitate the presentations in the 2021 financial statements.

ACCOMPANYING INFORMATION

Boys & Girls Clubs of the Tennessee Valley
Schedule of Principal Officials
June 30, 2021

BOARD MEMBERS

Christy Phillips - Chair
Peter "Doc" Claussen - Vice Chair, Communications, Board Secretary
Wes Stowers, Jr. - Vice Chair, Operations
Tracy Thompson, Vice Chair, Administration/Finance
Jim Alexander
Josh Birdwell
Brad Bower
Terry Brown
Jim Caughorn, Jr.
John Dempster
Justin Follis
Jeff Hagood
Michelle Hardin
Terry Henley
Robert Hill
Reico Hopewell
Tim Irwin
Tom Jensen
Mickey Johnson
Donna Johnston
Debby Lutz
Tracy Lyash
Justin Maierhofer
Dugan McLaughlin
Terry Payne
Steve Pettit
Becky South
Mac Stalcup
Eve Thomas
Henny Weissinger
Andy White
Robin Hunley, Advisor Board Chair (N. Anderson)
Scott Stuart, Advisory Board Chair (Blount)
Jerry Burnette, Advisory Board Chair (Halls/Powell)
Matthew Coleman, Advisory Board Chair (Loudon)

STAFF

Bart McFadden - Chief Executive Officer
Melissa D. Birkholz - Chief Financial Officer
Debbie Stairs - VP of Human Resources & Leadership Development
Markus Jackson - Chief Operating Officer

See independent auditors' report.

Boys & Girls Clubs of the Tennessee Valley
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

CFDA Number	Description	Balance July 1, 2020	Cash Receipts	Expenditures	Balance June 30, 2021	
Federal Awards:						
	Major Programs:					
	Passed through Boys & Girls Clubs in Tennessee through State of Tennessee Department of Human Services from U.S. Department of Health and Human Services					
93.575	Child Care and Development Block Grant - Temporary/Emergency Child Care for Essential Workers (34549-61721)	$ (609,558)	5,054,133	5,291,966	(847,391)	1)
	Total major programs	(609,558)	5,054,133	5,291,966	(847,391)	
	Non-major Programs:					
	Passed through State of Tennessee Department of Education from U.S. Department of Education					
84.287	21st Century Grant (33109-00420)	(31,633)	199,748	207,825	(39,710)	1)
84.287	21st Century Grant (33109-00819)	(28,685)	413,724	493,276	(108,237)	1)
84.287	21st Century Grant (33109-03118)	(34,924)	363,748	431,028	(102,204)	1)
	Passed through Boys & Girls Clubs in Tennessee through State of Tennessee Department of Education from U.S. Department of Education					
84.287	21st Century Grant (33109-05515)	(37,167)	150,008	140,978	(28,137)	1)
84.287	21st Century Grant (33109-00919)	(7,978)	72,166	88,642	(24,454)	1)
	Direct Assistance from U.S. Department of Education					
84.044A	TRIO Talent Search (PO44A160667-20)	-	272,474	300,218	(27,744)	1)
84.044A	TRIO Talent Search (PO44A160667-19A)	(23,603)	23,603	-	-	
	Direct Assistance from U.S. Department of Health and Human Services					
93.137	National Workforce Diversity Pipeline (NWDP) Program (CPIMP151114-04-00)	(22,986)	196,848	173,862	-	
	Passed through State of Tennessee Department of Human Services from U.S. Department of Agriculture					
10.558	Child and Adult Care Food Program (CACFP)	-	334,256	334,256	-	
	Passed through Boys & Girls Clubs in Tennessee through State of Tennessee Department of Health from U.S. Department of Health and Human Services					
93.235	Title V Sexual Risk Avoidance Education Grant Program (34347-58520)	(821)	2,158	1,337	-	
93.235	Title V Sexual Risk Avoidance Education Grant Program (34347-58521)	-	4,445	5,645	(1,200)	1)
	Passed through Tennessee Commission on Children and Youth from U.S. Department of Justice					
16.540	Tennessee Commission on Children and Youth (31601-N-DP20-14)	-	27,185	42,861	(15,676)	1)
16.540	Tennessee Commission on Children and Youth (31601-DP14-19)	(7,075)	16,463	9,388	-	
	Passed through Boys and Girls Clubs of America from U.S. Department of Justice					
16.726	Office of Justice Program (OJP-2020-48969)	-	-	7,670	(7,670)	1)
16.726	Office of Justice Program (OJP-2020-48970)	-	-	3,765	(3,765)	1)
16.726	Office of Justice Program (OJP-2020-48971)	-	-	3,768	(3,768)	1)
16.726	Office of Justice Program (OJP-2020-48972)	-	-	3,935	(3,935)	1)
16.726	Office of Justice Program (OJP-2020-48973)	-	-	8,801	(8,801)	1)
16.726	Office of Justice Program (OJP-2020-48974)	-	-	3,667	(3,667)	1)
16.726	Office of Justice Program (OJP-2019-46374)	(7,402)	20,807	16,488	(3,083)	1)
16.726	Office of Justice Program (OJP-2019-46375)	(2,889)	8,969	6,793	(713)	1)
16.726	Office of Justice Program (OJP-2019-46376)	(4,563)	6,500	4,950	(3,013)	1)
16.726	Office of Justice Program (OJP-2019-46377)	(4,023)	6,558	5,775	(3,240)	1)
16.726	Office of Justice Program (OJP-2019-46378)	(7,125)	4,983	11,161	(13,303)	1)
16.726	Office of Justice Program (OJP-2019-46379)	(3,256)	8,547	6,297	(1,006)	1)
	Passed through Sea Research Foundation from U.S. Department of Justice					
16.726	STEM Mentoring Program (2018-JU-FX-0025)	-	10,199	19,673	(9,474)	1)
16.726	STEM Mentoring Program (2018-JU-FX-0025)	(6,363)	15,542	9,179	-	
	Passed through State of Tennessee Department of Human Services from U.S. Department of Health and Human Services					
93.558	YouthForce Program (RFS# 34530-71319)	(15,868)	75,067	62,046	(2,847)	1)
	Passed through Boys and Girls Clubs of Metropolitan Baltimore from U.S. Department of Justice					
16.710	Handle With Care Pilot Program (2019CKWXK019)	-	59,889	77,395	(17,506)	1)
	Total non-major programs	(246,361)	2,293,887	2,480,679	(433,153)	
	Total federal awards	(855,919)	7,348,020	7,772,645	(1,280,544)	

See independent auditors' rerport.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2021

CFDA Number	Description		Balance July 1, 2020	Cash Receipts	Expenditures	Balance June 30, 2021	
State Awards:							
	Direct Assistance from Tennessee Department of Mental Health and Substance Abuse Services						
N/A	The Comprehensive Alcohol, Tobacco and Other Drug Prevention Services for Youth (33901)	$	(4,768)	73,212	75,900	(7,456)	1)
	Direct Assistance from Tennessee Department of Education						
N/A	LEAP Grant (33109-04418)		(18,733)	96,340	126,688	(49,081)	1)
	Passed through Boys & Girls Clubs in Tennessee from Tennessee Department of Children's Services						
N/A	Child Abuse Prevention Grant (35910-02921)		(360)	360	-	-	
	Direct Assistance from Tennessee Department of Human Services						
N/A	YouthForce Program (RFS# 34530-71319)		(32,216)	140,320	125,973	(17,869)	1)
	Passed through United Way of Greater Knoxville from Tennessee Department of Human Services						
N/A	Tennessee Community CARES Program - Tennessee Cares Act 2020		-	620,000	620,000	-	
	Total state awards		(56,077)	930,232	948,561	(74,406)	
	Total federal and state awards	$	(911,996)	8,278,252	8,721,206	(1,354,950)	

1) Due from grantor

Note A - Basis of Presentation
The schedule of expenditures of federal and state awards includes the federal and State of Tennessee grant activity of the Boys & Girls Clubs of the Tennessee Valley and is presented on the accrual basis of accounting.

Note B - Subrecipients
Federal and state assistance programs funds are not distributed to subrecipients.

Note C - Indirect Cost Rate
The Organization currently uses a negotiated indirect cost rate, and therefore, the 10 percent deMinimis indirect rate allowed under the Uniform Guidance is not applicable.

Independent Auditors' 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*

To the Board of Directors
Boys & Girls Clubs of the Tennessee Valley
Knoxville, 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 the Boys & Girls Clubs of the Tennessee Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys & Girls Clubs of the Tennessee Valley'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HG&A Associates, P.C.

Knoxville, Tennessee
January 11, 2022

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

To the Board of Directors
Boys & Girls Clubs of the Tennessee Valley
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Boys & Girls Clubs of the Tennessee Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Boys & Girls Clubs of the Tennessee Valley's major federal programs for the year ended June 30, 2021. Boys & Girls Clubs of the Tennessee Valley's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Boys & Girls Clubs of the Tennessee Valley'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 the Boys & Girls Clubs of the Tennessee Valley'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 the Boys & Girls Clubs of the Tennessee Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of the Tennessee Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

J. Wesley Edmondson • Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
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Report on Internal Control over Compliance

Management of the Boys & Girls Clubs of the Tennessee Valley 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 the Boys & Girls Clubs of the Tennessee Valley'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 the Boys & Girls Clubs of the Tennessee Valley'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 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 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.

HG&A Associates, P.C.

Knoxville, Tennessee
January 11, 2022

BOYS & GIRLS CLUBS OF THE TENNESSEE VALLEY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report on the financial statements of the Boys & Girls Clubs of the Tennessee Valley expresses an unmodified opinion.
2. There were no significant deficiencies relating to the audit of the financial statements reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Boys & Girls Clubs of the Tennessee Valley were disclosed during the audit.
4. There were no significant deficiencies in internal control over major federal award programs disclosed during the audit as reported in the auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance.
5. The auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance for the Boys & Girls Clubs of the Tennessee Valley expresses an unmodified opinion.
6. There are no audit findings relative to major federal award programs for the Boys & Girls Clubs of the Tennessee Valley.
7. The Child Care and Development Block Grant – Temporary/Emergency Child Care for Essential Workers (CFDA No. 93.575) was tested as a major program.
8. The threshold for distinguishing Type A and Type B programs was $750,000.
9. Boys & Girls Clubs of the Tennessee Valley was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None. There were no prior year audit findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None. There were no prior year audit findings.