Boys & Girls Clubs of the Tennessee Valley

Financial Statements with Supplementary Information

Years Ended June 30, 2022 and 2021

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 Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of the Tennessee Valley 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 opinions.

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 Boys & Girls Clubs of the Tennessee Valley's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919

Auditors' 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 auditors' 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 generally accepted accounting standards 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 generally accepted auditing standards 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 Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of principal officials included on page 23 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 24 and 25, 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 supplementary 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 December 7, 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

December 7, 2022

Boys & Girls Clubs of the Tennessee Valley

Statements of Financial Position

June 30, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 1,473,322	2,108,943
Investments	825,914	1,181,655
Grants receivable:		
Federal and state	451,275	1,354,950
Fee vouchers receivable	17,488	1,850
Interest and dividend receivable	3,389	2,677
Other receivables	215,239	77,294
Unconditional promises to give, net of allowance for uncollectible amounts - current portion:		
Capital	479,440	673,296
Operating	305,716	180,730
Prepaid expenses	66,207	53,672
Prepaid insurance	10,747	14,386
Total current assets	3,848,737	5,649,453
Restricted and designated cash and investments:		
Endowment funds:		
Restricted:		
Cash	1,242	697
Investments	120,479	138,663
Designated:		
Cash	24,454	13,795
Investments	2,379,630	2,750,672
Total endowment funds	2,525,805	2,903,827
Other restricted assets:		
Cash	2,568,964	629,807
Investments	11,492	12,797
Total restricted and designated cash and investments	5,106,261	3,546,431
Unconditional promises to give, net of allowance for uncollectible amounts - long-term portion:		
Capital	499,958	2,108,033
Operating	292,724	30,815
Property and equipment, net of accumulated depreciation	14,241,069	14,476,319
Deposits	500	500
Other assets:		
Beneficial interest in assets held by others	14,489	16,634
Total assets	$ 24,003,738	25,828,185

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

LIABILITIES AND NET ASSETS

		2022	2021
Current liabilities:			
Accounts payable	$	546,489	691,878
Accounts payable - other Boys & Girls Clubs		2,482	-
Accrued expenses		245,387	266,651
Deferred revenue		2,465,662	603,037
Total current liabilities		3,260,020	1,561,566
Loans payable, less current portion		1,404,619	4,466,466
Total liabilities		4,664,639	6,028,032
Net assets:			
Without donor restrictions:			
Board designated - beneficial interest in assets held by others		14,489	16,634
Board designated endowment funds		2,404,084	2,764,467
Undesignated		15,534,158	13,568,943
With donor restrictions		1,386,368	3,450,109
Total net assets		19,339,099	19,800,153
Total liabilities and net assets	$	24,003,738	25,828,185

Boys & Girls Clubs of the Tennessee Valley
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Contributions	$ 1,744,930	942,322	2,687,252	1,893,089	909,672	2,802,761
Contributions - in-kind	754,550	-	754,550	692,575	-	692,575
Special events, net of direct expenses of $277,905 in 2022 and $130,083 in 2021	1,679,656	-	1,679,656	634,358	-	634,358
Allocation - Knoxville Community Development Corporation	100,000	-	100,000	100,000	-	100,000
Allocation - United Way	814,369	-	814,369	962,309	-	962,309
Support from government agencies	4,447,543	-	4,447,543	9,042,211	-	9,042,211
PPP loan forgiveness	-	-	-	806,000	-	806,000
Proceeds from vendor/voucher program	127,864	-	127,864	113,059	-	113,059
Activity fees and income	10,645	-	10,645	8,075	-	8,075
Day care fees	908,381	-	908,381	28,235	-	28,235
Other support and revenue	7,417	-	7,417	10,644	-	10,644
Income from investments	55,575	2,093	57,668	49,745	1,496	51,241
Rental income	76,211	-	76,211	54,252	-	54,252
Net realized and unrealized gains (losses) from investments	(514,658)	(19,655)	(534,313)	559,512	20,945	580,457
Gain on disposition of assets	-	-	-	3,427	-	3,427
Net assets released from restrictions:						
Restrictions satisfied by payments	2,988,501	(2,988,501)	-	3,296,486	(3,296,486)	-
Total revenue	13,200,984	(2,063,741)	11,137,243	18,253,977	(2,364,373)	15,889,604
Expenses:						
Program services - child development	9,685,168	-	9,685,168	9,154,457	-	9,154,457
Management and general	1,407,194	-	1,407,194	1,521,937	-	1,521,937
Development and fundraising	505,935	-	505,935	1,060,015	-	1,060,015
Total expenses	11,598,297	-	11,598,297	11,736,409	-	11,736,409
Increase (decrease) in net assets	1,602,687	(2,063,741)	(461,054)	6,517,568	(2,364,373)	4,153,195
Net assets, beginning of year	16,350,044	3,450,109	19,800,153	9,832,476	5,814,482	15,646,958
Net assets - end of year	$ 17,952,731	1,386,368	19,339,099	16,350,044	3,450,109	19,800,153

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, 2022 and 2021

	2022				2021			
	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	$ 3,995,721	815,533	223,739	5,034,993	3,950,595	796,770	236,109	4,983,474
Employee benefits	254,050	46,341	20,591	320,982	270,693	14,668	23,832	309,193
Employee retirement	179,788	49,582	12,595	241,965	177,211	57,281	13,545	248,037
Workers compensation	16,016	3,926	842	20,784	10,939	8,206	1,394	20,539
Payroll taxes	287,453	83,775	15,213	386,441	249,184	86,023	16,682	351,889
Recruitment/hiring costs	85	12,324	-	12,409	385	14,568	-	14,953
Total salaries and related expenses	4,733,113	1,011,481	272,980	6,017,574	4,659,007	977,516	291,562	5,928,085
Professional fees (including in-kind of $63,665 in 2022 and $92,910 in 2021)	222,989	125,773	134,603	483,365	219,188	124,980	105,633	449,801
Office supplies	5,128	7,720	4,226	17,074	4,541	5,304	1,784	11,629
Program supplies	1,361,632	6,750	-	1,368,382	1,321,751	24,464	1,131	1,347,346
Food costs	434,706	-	-	434,706	322,953	-	-	322,953
Telecommunications	146,605	290	568	147,463	134,716	342	1,287	136,345
Postage and shipping	130	7,774	974	8,878	120	7,318	2,725	10,163
Rent expense	18,875	-	-	18,875	60,348	2,711	-	63,059
Building repairs and maintenance (including in-kind of $576,124 in 2022 and $489,192 in 2021)	828,733	363	-	829,096	713,218	4,236	-	717,454
Utilities (including in-kind of $114,761 in 2022 and $110,473 in 2021)	334,230	32,794	472	367,496	336,231	7,436	2,142	345,809
Equipment repairs and maintenance	303,945	17,218	328	321,491	258,096	58,076	2,470	318,642
Printing, promotion and publications	7,126	8,009	16,187	31,322	3,208	6,694	15,628	25,530
Fleet transportation	513,680	-	-	513,680	393,226	33	-	393,259
Travel expenses	4,480	11,130	6,803	22,413	5,019	864	1,241	7,124
Training and meetings	16,166	17,957	6,046	40,169	14,918	11,693	23,186	49,797
Dues	59,136	2,978	315	62,429	60,191	2,734	-	62,925
Interest expense	-	108,590	-	108,590	-	225,621	-	225,621
Insurance (non-health)	128,997	-	-	128,997	108,405	4,355	1,387	114,147
Uncollected pledges and campaign expenses	-	-	40,345	40,345	-	-	548,463	548,463
Miscellaneous expenses	12,550	30,647	21,771	64,968	9,164	45,721	61,060	115,945
Total before depreciation	9,132,221	1,389,474	505,618	11,027,313	8,624,300	1,510,098	1,059,699	11,194,097
Depreciation	552,947	17,720	317	570,984	530,157	11,839	316	542,312
	$ 9,685,168	1,407,194	505,935	11,598,297	9,154,457	1,521,937	1,060,015	11,736,409

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, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Increase (decrease) in net assets	$	(461,054)	4,153,195
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation		570,984	542,312
Realized and unrealized gains (losses) on investments, net		534,313	(580,457)
Gain on disposition of assets		-	(3,427)
In-kind contributions of capital assets		-	(206,000)
Change in allowance for uncollectible promises to give		(225,743)	476,404
Change in present value discount of uncollectible promises to give		(197,469)	(131,883)
Change in operating assets and liabilities:			
Unconditional promises to give		1,838,248	2,052,852
Grants receivable		903,675	(442,954)
Fee vouchers receivable		(15,638)	30,143
Interest, dividends and other receivables		(138,657)	(74,764)
Prepaid expenses		(12,535)	(1,609)
Prepaid insurance		3,639	(513)
Deposits		-	450
Accounts payable		(142,907)	246,473
Accrued expenses		(21,264)	11,642
Deferred revenue		1,862,625	85,050
Net cash provided by operating activities		4,498,217	6,156,914
Cash flows from investing activities:			
Purchases of property and equipment		(335,734)	(486,420)
Proceeds from sale of property and equipment		-	4,750
Proceeds from sale/transfers of investments		1,245,761	714,420
Purchases of investments		(1,033,802)	(1,998,728)
(Increase) decrease in beneficial interest in assets held by others		2,145	(3,394)
Net cash used by investing activities		(121,630)	(1,769,372)
Cash flows from financing activities:			
Debt issuance costs		8,153	8,778
Principal payments on loans payable		(3,070,000)	(4,007,088)
Net cash used by financing activities		(3,061,847)	(3,998,310)
Net increase in cash and cash equivalents		1,314,740	389,232
Cash and cash equivalents - beginning of year		2,753,242	2,364,010
Cash and cash equivalents - end of year	$	4,067,982	2,753,242
Reconciliation of Cash on Statement of Cash Flows to Statement of Financial Position:			
Cash and cash equivalents	$	1,473,322	2,108,943
Restricted cash - endowment and other		2,570,206	630,504
Designated cash		24,454	13,795
	$	4,067,982	2,753,242

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

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(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 Statements of Financial Position. Unrealized gains and losses are included in the Statements 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 which include program fees receivable from various clubs and other miscellaneous receivables. All of these receivables are considered fully collectible. Therefore, an allowance for uncollectible accounts is not considered necessary.

(continued)

(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, 2022 and 2021.

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, 2022 and 2021, no allowance was considered necessary for uncollectible grant receivables.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(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%.

In-kind Contributions

The Organization receives varies types of in-kind support. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are typically offset by like amounts included in expenses or property and equipment. No amounts have been recognized in the Statements 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 2022 and 2021.

(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, 2022 and 2021, was $570,984 and $542,312, 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, 2022 and 2021, of $115,855 and $135,859, respectively, are included in accrued expenses.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

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

(i) Functional Allocation of Expenses

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

(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 2022 and 2021.

(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 Evaluation - 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.

Implementation – In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ending June 30, 2022 and had an immaterial effect on the Organization's financial statements upon adoption. Generally, the Organization has recognized the contribution of professional services and supplies at market value. See Note 9 for more information on the Organization's contributed nonfinancial assets.

(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:

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(2) Liquidity and Availability of Resources (continued)

Financial assets at year end:		2022	2021
Cash and cash equivalents	$	1,473,322	2,108,943
Investments		825,914	1,181,655
Accounts receivable - government grants		451,275	1,354,950
Accounts receivable - fee vouchers		17,488	1,850
Accounts receivable - other		218,628	79,971
Unconditional promises to give, current portion		785,156	854,026
		3,771,783	5,581,395
Donor imposed restrictions		(479,440)	(673,296)
Net financial assets after donor-imposed restrictions	$	3,292,343	4,908,099

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, 2022, the Organization had approximately $2,570,000 of cash and cash equivalents and $132,000 of investments with donor-imposed restrictions along with approximately $2,404,000 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, 2022 and June 30, 2021, the bank deposits exceeded Federal Deposit Insurance Corporation insurance limits by $3,518,265 and $2,081,903, respectively.

(4) Functional Allocation Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements 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, 2022 and 2021, the Organization incurred no joint costs involving fundraising appeals.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(5) Net Assets with Donor Restrictions

Substantially all the restrictions on net assets at June 30, 2022 and 2021, 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.

At June 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

	2022 With Donor Restrictions	2021 With Donor Restrictions
Cash and cash equivalents	$ 286,491	530,117
Investments	120,479	138,663
Capital unconditional promises to give:		
Vision 2020 Capital Campaign	979,398	2,774,442
2014-2018 Capital Campaign	573,630	1,057,896
Less:		
6% present value discount	(70,768)	(302,042)
Allowance for doubtful promises to give	(502,862)	(748,967)
	$ 1,386,368	3,450,109

Capital unconditional promises to give are as follows at June 30, 2022:

Year Ended June 30	
2023	$ 725,591
2024	509,500
2025	217,500
2026	60,542
2027	39,895
	1,553,028
6% present value discount	(70,768)
Allowance for doubtful promises to give	(502,862)
Net unconditional promises to give	$ 979,398

(continued)

(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, 2022 and 2021, and were used for the following purposes:

	2022	2021
Debt service:		
Principal and interest	$ 1,835,880	2,217,550
Supplies and other expenses	489,026	339,817
Salaries and benefits	459,306	226,839
Operations and program expenses	163,987	512,280
Fixed assets	38,880	-
Field trips	1,422	-
	$ 2,988,501	3,296,486

(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, 2022 and 2021

(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 2022 or 2021. There were not any changes in the valuation techniques during either fiscal year.

Investments in mutual funds at June 30, 2022 and 2021, are as follows:

	2022			2021		
	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)	Cost	Fair Value (Level 1 Inputs)	Unrealized Gains (Losses)
Equities	$ 891,560	1,209,104	317,544	1,144,483	1,744,993	600,510
International equities	606,005	559,825	(46,180)	529,475	616,710	87,235
Fixed income	1,505,306	1,425,195	(80,111)	1,593,514	1,582,941	(10,573)
Real asset	135,156	143,391	8,235	119,873	139,143	19,270
	$ 3,138,027	3,337,515	199,488	3,387,345	4,083,787	696,442

The following summarizes the mutual funds investment income and expenses for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	$ 75,360	57,308
Net realized gain/(loss)	(38,786)	36,252
Net unrealized gain/(loss)	(493,596)	540,614
Investment expenses – fees	19,694	12,694

(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 ($20,500 for 2022 and $19,500 2021). 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 2022 and 2021). The amended plan does not require an employer contribution; however, the Boys & Girls Clubs of America require a matching contribution of up to 3%. 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, 2022 and 2021 was $241,965 and $248,037, respectively, which included a plan administration fee of $6,830 and $6,760, respectively.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(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 2022 and 2021, the Organization purchased insurance totaling $126,169 and $134,685, respectively, from a company in which a director of the Organization was a risk advisor at that company. The Organization has bank accounts with a financial institution in which a director of the Organization is a Senior 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, 2022 and 2021, capital campaign pledges due from various members of the Organization's Board of Directors were $99,906 and $154,420, respectively. The pledges are receivable through June 2027.

At June 30, 2022 and 2021, various members of the Organization's Board of Directors made operating pledges to the Organization totaling $152,605 and $7,900, respectively. The pledges are receivable through 2023.

(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 Organization's policy related to donated materials, supplies, and services is to utilize the assets given to carry out the mission of the Organization. If the asset provided does not allow the Organization to utilize it in its normal course of operation, the asset will be sold at its fair market value as determined by appraisal or specialist.

The following is a list of non-cash donations valued by the Organization that are included within in-kind contributions with significant donations specifically described:

			Estimated Fair Value	
Donor	Description		2022	2021
Knoxville Community Development Corporation	Facilities, utilities and maintenance	$	652,947	558,961
Volunteer	Accounting services		41,045	43,313
City of Knoxville	Facility rental		37,938	37,938
Gravity Networks	IT services		19,200	19,200
Other			3,420	33,163
		$	754,550	692,575

Donated material and supplies totaling $10,000 and $11,656 for the years ended June 30, 2022 and 2021, respectively, are included in special event revenue and expenses.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(9) Donated Materials, Supplies and Services (continued)

All gifts-in-kind received by the Organization for the years ended June 30, 2022 and 2021, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

(10) Deferred Revenue

Deferred revenue activity for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Hall of Fame	$ 248,230	293,637
Childcare Stabilization Program	2,215,282	-
Gift of Hope	-	97,100
Pipeline Program	-	160,000
Other	2,150	52,300
	$ 2,465,662	603,037

(11) Property, Equipment and Accumulated Depreciation

At June 30, 2022 and 2021, property, equipment and accumulated depreciation consist of the following:

	2022	2021
Buildings	$ 17,061,208	17,061,208
Building improvements	1,297,760	1,043,954
Leasehold improvements	125,844	98,479
Land	634,910	634,910
Land improvements	353,902	353,902
Vehicles	486,376	482,577
Machinery and equipment	532,275	532,275
Furniture and fixtures	332,723	248,467
Computer software	679,857	679,857
Computer hardware	789,297	771,444
Other - not yet in service	23,703	75,048
	22,317,855	21,982,121
Less accumulated depreciation	(8,076,786)	(7,505,802)
	$ 14,241,069	14,476,319

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(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, 2022, are as follows:

Years ended June 30		Operating Leases
2023	$	54,348
2024		3,000

(13) Operating Unconditional Promises to Give

During fiscal year 2022, the Organization continued its operating funds pledge campaign. The Organization had $666,256 in pledge receivables at June 30, 2022, related to the pledge campaign.

Future pledge payments at June 30, 2022, are as follows:

Years ended June 30		
2023	$	321,806
2024		143,450
2025		93,450
2026		93,450
2027		14,100
		666,256
less: 6% present value discount		(36,319)
		629,937
Allowance for uncollectible pledges		(31,497)
Net unconditional promises to give	$	598,440
Amounts due in less than one year	$	305,716
Amounts due in one to three years		292,724
	$	598,440

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(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. Interest is payable monthly at the bank's base rate, which was 4% at June 30, 2022. There was no drawdown from the line of credit during 2022 and 2021, 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, 2022, and the interest rate and loan ending date follow the same terms as described in Note 15.

(15) Loans Payable

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. These proceeds of $8,792,874 were used to pay off the Organization's outstanding construction 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 $6,225,000 as of June 30, 2022. Mandatory principal reductions are required as follows:

Date	Amount
12/31/2022	$ -
12/31/2023	-
12/31/2024	1,425,000

The outstanding loan balance net of debt issuance costs was $1,404,619 and $4,466,466 at June 30, 2022 and 2021, respectively. 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, 2022 and 2021, relating to the debt issuance costs was $21,374 and $13,221, respectfully.

(16) Federal Funding – PPP Loan Forgiveness

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 bore 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").

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(16) Federal Funding – PPP Loan Forgiveness (continued)

It is intended that loans funded through the PPP may be forgiven. SBA advised that these loans will be fully forgiven if specific expense requirements are met. Loan payments were also deferred for seven months with the first payment due to begin in November of 2020. 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 is reduced if full-time employee headcount declines or if salaries and wages decrease, or if expense documentation does not comply with SBA requirements.

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 Statements of Activities in the 2021 fiscal year.

(17) 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 2022 and 2021 was $76,211 and $54,252, respectively.

(18) 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, 2022, the total contract charge was $150,160, with quarterly installments of $31,750 and $38,750 for the quarters ending September 30 and December 31 of 2021 respectively, and $39,830 for quarters ending March 31 and June 30 of 2022. Reimbursement of expenses received under this agreement for the year ended June 30, 2021 totaled $128,500.

(19) 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.

(continued)

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(19) Endowment Funds (continued)

Without Donor Restrictions – Board Designated (continued)

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, 2022 and 2021, were as follows:

	2022	2021
Beginning of year	$ 2,764,467	1,307,178
Contributions	43,962	1,100,150
Investment income	54,519	35,192
Net realized/unrealized gains (losses)	(393,269)	332,860
External trust fees	(14,189)	(10,913)
Withdrawals	(51,406)	-
End of year	$ 2,404,084	2,764,467

Investment revenues are report net of related external trust fees in the Statements of Activities. The amount of expenses netted with revenues relating to board designated endowment funds was $14,189 and $10,913 for the years ended June 30, 2022 and 2021, respectively.

With Donor Restrictions

Endowment funds with donor restrictions totaled $121,721 at June 30, 2022, and $139,360 at June 30, 2021. The change in endowment funds with donor restrictions of $17,639 is due to investment income earned, netted against external trust fees of $709, and realized and unrealized losses.

(20) 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. No additional funds were transferred into the Fund in 2022 or 2021.

Boys & Girls Clubs of the Tennessee Valley
Notes to Financial Statements
June 30, 2022 and 2021

(21) Commitments

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.

On June 23, 2021, the Organization entered into a three-year agreement with a consulting firm for planned giving services at a cost of $1,375 a month. The agreement may be terminated by either party after one year from the effective date provided a 90-day written notice is given.

On August 1, 2021, 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, 2022.

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.

(22) Subsequent Events

Subsequent events have been evaluated through December 7, 2022, which is the date the financial statements were available to be issued. Based upon that evaluation the following events are noted:

- Subsequent to year end, the Organization has paid $190,000 in principal on the outstanding loan leaving an outstanding balance of $1,235,000.

- Subsequent to year end, the Organization was awarded an additional $2.4 million in Childcare Stabilization Grant funding.

- Effective July 1, 2022, an Executive Retention Agreement was entered into between Bart McFadden, the Organization's CEO, and the Boys & Girls Clubs of the Tennessee Valley to set forth the terms of the Executive's continued services to the Organization through at least July 1, 2028.

(23) Supplemental Disclosures of Cash Flow Information

Interest totaling $108,590 and $225,621 was paid in 2022 and 2021, respectively.

(24) Reclassifications

Certain items previously reported in the 2021 financial statements have been reclassified to facilitate the presentations in the 2022 financial statements.

SUPPLEMENTARY INFORMATION

Boys & Girls Clubs of the Tennessee Valley
Schedule of Principal Officials
June 30, 2022

BOARD MEMBERS

Wes Stowers, Jr. - Chair
Peter "Doc" Claussen - Chair, Development Committee & Board Secretary
Tracy Thompson - Chair, Administration/Finance Committee
Josh Birdwell - Chair, Operations Committee
Angelique Adams
Jim Alexander
Brad Bower
Terry Brown
Jerry Burnette
Jim Caughorn, Jr.
John Dempster
Jeff Hagood
Michelle Hardin
Terry Henley
Robert Hill
Marcus Hilliard
Reico Hopewell
Tim Irwin
Tom Jensen
Mickey Johnson
Donna Johnston
David Jones
Debby Lutz
Tracy Lyash
Dugan McLaughlin
Christy Phillips
Mac Stalcup
Henny Weissinger
Andy White
Robin Hunley, Advisor Board Chair (N. Anderson)
Scott Stuart, Advisory Board Chair (Blount)
Jimmy Rodefer, Advisory Board Chair (Debusk)
Jason Couk, Advisory Board Chair (Loudon)
Rob Barger, Advisory Board Chair (Claiborne)

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, 2022

CFDA Number	Description	Balance July 1, 2021	Cash Receipts	Expenditures	Balance June 30, 2022*
Federal Awards:					
	Major Programs:				
	Passed through State of Tennessee Department of Education from U.S. Department of Education				
84.287	21st Century Grant (33109-00420)	$ 39,710	206,904	207,197	40,003
84.287	21st Century Grant (33109-00819)	108,237	524,285	490,900	74,852
84.287	21st Century Grant (33109-03118)	102,204	400,025	446,365	148,544
	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)	28,137	142,825	127,765	13,077
84.287	21st Century Grant (33109-00919)	24,454	86,437	68,249	6,266
	Total major programs	302,742	1,360,476	1,340,476	282,742
	Non-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)	847,391	1,898,300	1,050,909	-
	Direct Assistance from U.S. Department of Education				
84.044A	TRIO Talent Search (PO44A160667-20)	27,744	71,131	43,387	-
84.044A	TRIO Talent Search (PO44A210654)	-	150,895	199,162	48,267
	Passed through State of Tennessee Department of Human Services from U.S. Department of Agriculture				
10.558	Child and Adult Care Food Program (CACFP)	-	385,989	385,989	-
10.558	Child and Adult Care Food Porgram Emergency Operational Costs (FNS-GD-2021-0007)	-	30,184	30,184	-
	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)	-	6,376	8,133	1,757
93.235	Title V Sexual Risk Avoidance Education Grant Program (34347-58521)	1,200	2,621	1,421	-
	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)	15,676	32,815	17,139	-
16.540	Tennessee Commission on Children and Youth (31601-CDP21-3)	-	25,784	36,128	10,344
	Passed through Boys and Girls Clubs of America from U.S. Department of Justice				
16.726	Office of Justice Program (OJP-2021-50429)	-	-	4,325	4,325
16.726	Office of Justice Program (OJP-2021-50430)	-	-	2,979	2,979
16.726	Office of Justice Program (OJP-2021-50431)	-	-	3,349	3,349
16.726	Office of Justice Program (OJP-2021-50432)	-	-	4,790	4,790
16.726	Office of Justice Program (OJP-2021-50433)	-	-	4,201	4,201
16.726	Office of Justice Program (OJP-2021-50434)	-	-	4,025	4,025
16.726	Office of Justice Program (OJP-2021-50435)	-	-	4,205	4,205
16.726	Office of Justice Program (OJP-2020-48969)	7,670	14,562	12,605	5,713
16.726	Office of Justice Program (OJP-2020-48970)	3,765	6,926	5,504	2,343
16.726	Office of Justice Program (OJP-2020-48971)	3,768	8,846	5,286	208
16.726	Office of Justice Program (OJP-2020-48972)	3,935	7,962	5,677	1,650
16.726	Office of Justice Program (OJP-2020-48973)	8,801	18,386	11,211	1,626
16.726	Office of Justice Program (OJP-2020-48974)	3,667	7,353	5,942	2,256
16.726	Office of Justice Program (OJP-2019-46374)	3,083	3,193	110	-
16.726	Office of Justice Program (OJP-2019-46375)	713	631	(82)	-
16.726	Office of Justice Program (OJP-2019-46376)	3,013	3,100	87	-
16.726	Office of Justice Program (OJP-2019-46377)	3,240	3,042	(198)	-
16.726	Office of Justice Program (OJP-2019-46378)	13,303	15,017	1,714	-
16.726	Office of Justice Program (OJP-2019-46379)	1,006	1,053	47	-
	Passed through Sea Research Foundation from U.S. Department of Justice				
16.726	STEM Mentoring Program (2018-JU-FX-0025)	9,474	9,544	70	-
16.726	STEM Mentoring Program (2021-SR-TV-040)	-	-	9,210	9,210
	Passed through Cal Ripken, Sr. Foundation from U.S. Department of Justice				
16.726	Cal Ripken, Sr. Foundation (2022-FED-OJJDP-B4B-TN-2)	-	-	4,638	4,638
16.726	Cal Ripken, Sr. Foundation (2021-FED-OJJDP-B4B-TN-1)	-	25,000	25,000	-
16.726	Cal Ripken, Sr. Foundation (2022-FED-OJJDP-B4B-TN-1)	-	-	10,301	10,301
16.726	Cal Ripken, Sr. Foundation (2022-FED-OJJDP-IG-TN-1)	-	-	892	892
	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)	2,847	45,510	42,663	-
	Passed through Boys and Girls Clubs of Metropolitan Baltimore from U.S. Department of Justice				
16.710	Handle With Care Pilot Program (2019CKWXK019)	17,506	60,110	42,604	-
	Passed through Boys and Girls Club of America from U.S. Department of Labor				
17.261	Boys and Girls Club of America Workforce Pathways for Youth (MI-36498-21-60-A-13-06)	-	26,552	26,552	-
	Passed through from State of Tennessee Department of Mental Health and Substance Abuse Services from U.S. Department of Substance Abuse & Mental Health Services				
93.959	Covid Supplemental (DGA 69867-2021-2022-024)	-	17,101	17,101	-
	Passed through State of Tennessee Arts Commission from National Endowment for the Arts				
45.025	YAI-TAC - Arts Education (316255-12931)	-	5,200	5,200	-
	Total non-major programs	977,802	2,883,183	2,032,460	127,079
	Total federal awards	1,280,544	4,243,659	3,372,936	409,821

(continued)

Boys & Girls Clubs of the Tennessee Valley
Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2022

CFDA Number	Description	Balance July 1, 2021	Cash Receipts	Expenditures	Balance June 30, 2022*
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)	$ 7,456	67,257	76,212	16,411
	Direct Assistance from Tennessee Department of Education				
N/A	LEAP Grant (33109-04418)	49,081	132,681	93,653	10,053
	Direct Assistance from Tennessee Department of Human Services				
N/A	YouthForce Program (RFS# 34530-71319)	17,869	104,488	86,619	-
	Passed through Boys and Girls Club in Tennessee from Tennessee Department of Human Services				
N/A	Tennessee Opportunity Pilot Initiative	-	49,121	49,121	-
	Direct Assistance from State of Tennessee Arts Commission				
45.025	YAI-TAC Arts Supports Projects (31625-10914)	-	2,300	2,300	-
	Direct Assistance from State of Tennessee Arts Commission				
N/A	YAI-TAC Special Ops (31625-13106)	-	4,098	4,098	-
	Direct Assistance from State of Tennessee Arts Commission				
N/A	YAI-TAC ABC (2106-13542)	-	2,800	2,800	-
	Direct Assistance from State of Tennessee Arts Commission				
N/A	YAI-TAC Special Ops (31625-14522)	-	4,500	4,500	-
	Direct Assistance from State of Tennessee Arts Commission				
45.025	YAI-TAC At Risk Youth (31625-12943)	-	-	7,500	7,500
	Direct Assistance from State of Tennessee Arts Commission				
45.025	YAI-TAC Arts Project Support (31625-12895)	-	-	7,490	7,490
	Total state awards	74,406	367,245	334,293	41,454
	Total federal and state awards	$ 1,354,950	4,610,904	3,707,229	451,275

* 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919

Report on 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
December 7, 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

Opinion on Each Major Federal Program

We have audited the Boys & Girls Clubs of the Tennessee Valley's 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 Boys & Girls Clubs of the Tennessee Valley's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boys & Girls Clubs of the Tennessee Valley and to meet our 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 Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley's federal programs.

Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood
P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919

Auditors' Responsibility 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 Boys & Girls Clubs of the Tennessee Valley'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 generally accepted auditing standards, *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 Boys & Girls Clubs of the Tennessee Valley's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley'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 Boys & Girls Clubs of the Tennessee Valley's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

HG&A Associates, P.C.

Knoxville, Tennessee
December 7, 2022

BOYS & GIRLS CLUBS OF THE TENNESSEE VALLEY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I **Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Type of auditors' 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

CFDA Numbers	Name of Federal Program or Cluster
84.287	21st Century Grant

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as a low-risk auditee	Yes

Section II **Financial Statement Findings**

No findings. There were no prior year audit findings.

Section III **Federal Awards Findings**

No findings to report under 2 CFR 200 Section 516 (a) of the Uniform Guidance. There were not any prior year audit findings.