

BLOUNT MEMORIAL FOUNDATION, INC.
Financial Statements and Supplementary Information
Years Ended June 30, 2022 and 2021



BLOUNT MEMORIAL FOUNDATION, INC.
Financial Statements and Supplementary Information
Years Ended June 30, 2022 and 2021

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BLOUNT MEMORIAL FOUNDATION, INC.
Roster of Board of Directors and Management
Year Ended June 30, 2022

Board of Directors

| | |
|---------------------------|-------------------|
| Board Chairman | Matthew Haralson |
| Board Vice Chairman | Mary Beth West |
| Board Treasurer/Secretary | Jonathan Smith |
| Board Member | Joe Dawson |
| Board Member | Greg Wilson |
| Board Member | Dr. Phil Hoffman |
| Board Member | Lea Anne Law |
| Board Member | Boyce Smith |
| Board Member | Dr. Keri Prigmore |
| Board Member | Tony Thompson |
| Board Member | Joy Carver |
| Board Member | Dr. Hal Naramore |

Principal Official/Management

| | |
|------------------------------------|----------------|
| President/Chief Operations Officer | Connie Huffman |
| Chief Financial Officer | Jonathan Smith |
| Controller | Brian Hollomon |



Independent Auditors' Report

To the Board of Directors
Blount Memorial Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blount Memorial Foundation, Inc., (“the Foundation”) (a Tennessee not-for-profit), a component unit of Blount Memorial Hospital, Inc., which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and, cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation, as of June 30, 2022 and 2021, and the changes in financial position, and, 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 the Foundation and to meet our other ethical responsibilities, in accordance with the 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 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 the Foundation’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 auditing 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the Foundation'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 Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Roderic Moss & Co, PLLC

Knoxville, Tennessee
September 7, 2022



BLOUNT MEMORIAL FOUNDATION, INC.
Management's Discussion & Analysis
Years Ended June 30, 2022 and 2021

Within this section of the Foundation's financial report, management provides a narrative discussion and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2022. The Foundation's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of Financial Statements

Management's Discussion and Analysis introduces the Foundation's basic financial statements. The Foundation was formed to coordinate the fundraising and development activities of Blount Memorial Hospital, Inc., and the accompanying financial statements reflect the Foundation's basic financial statements. The basic financial statements include: statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows, and notes to the financial statements. The Foundation also includes in this report additional information to supplement the financial statements.

Financial Analysis

The following table provides a condensed summary of the financial position for the fiscal years ending 2022, 2021, and 2020, respectively.

Statement of Net Position

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | \$ 270,977 | \$ 186,356 | \$ 236,102 |
| Non-current Assets | <u>2,546,308</u> | <u>2,811,482</u> | <u>2,059,673</u> |
| Total assets | <u>\$ 2,817,285</u> | <u>\$ 2,997,838</u> | <u>\$ 2,295,775</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | |
| Current Liabilities | \$ 7,510 | \$ 14,304 | \$ 5,984 |
| Deferred Inflows of Resources | <u>17,490</u> | <u>36,650</u> | <u>1,410</u> |
| Total liabilities and deferred inflows of resources | <u>25,000</u> | <u>50,954</u> | <u>7,394</u> |
| Net Position | | | |
| Restricted, nonexpendable | 1,309,302 | 1,499,281 | 1,123,740 |
| Unrestricted | <u>1,482,983</u> | <u>1,447,603</u> | <u>1,164,641</u> |
| Total net position | <u>2,792,285</u> | <u>2,946,884</u> | <u>2,288,381</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 2,817,285</u> | <u>\$ 2,997,838</u> | <u>\$ 2,295,775</u> |

Current Assets were \$270,977, \$186,356, and \$236,102 for fiscal years 2022, 2021, and 2020, respectively. Total liabilities and deferred inflows of resources were \$25,000, \$50,954, and \$7,394 for fiscal years 2022, 2021, and 2020, respectively. Restricted net positions were \$1,309,302, \$1,499,281, and \$1,123,740 for fiscal years 2022, 2021, and 2020, respectively.

Note 2 provides more information regarding the investments of Blount Memorial Foundation, Inc.

BLOUNT MEMORIAL FOUNDATION, INC.
Management's Discussion & Analysis (Continued)

Financial Analysis (continued)

The following table provides a condensed summary of revenues, expenses, and changes in net position for the fiscal years ending 2022, 2021, and 2020, respectively.

Statements of Revenues, Expenses, and Changes in Net Position

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|---------------------|
| Operating Revenues | \$ 127,029 | \$ 1,944,569 | \$ 319,588 |
| Expenses | | | |
| Operating | 281,628 | 237,123 | 240,675 |
| Transfer to hospital | - | 1,048,943 | - |
| Total expenses | <u>281,628</u> | <u>1,286,066</u> | <u>240,675</u> |
| Change in net position | (154,599) | 658,503 | 78,913 |
| Net position at the beginning of the year | <u>2,946,884</u> | <u>2,288,381</u> | <u>2,209,468</u> |
| Net position at the end of the year | <u>\$ 2,792,285</u> | <u>\$ 2,946,884</u> | <u>\$ 2,288,381</u> |

Change in net position for fiscal years 2022 and 2021 were (\$154,599) and \$658,503, respectively. The decrease in the change in net position from 2021 to 2022 was due to a decrease in operating revenues. More details regarding revenues are contained within the Statement of Revenues, Expenses, and Changes in Net Position. The increase in the change in net position from 2020 to 2021 was due to an increase in operating revenues. More details regarding revenues are contained within the Statement of Revenues, Expenses, and Changes in Net Position. The Foundation did record investment loss and income of (\$311,946) and \$688,994 during fiscal year 2022 and 2021, respectively, due primarily to changes in the market and fair value of investments.

The following table provides a condensed summary of the changes in cash and cash equivalents for the fiscal years ending 2022, 2021, and 2020, respectively.

Statements of Cash Flows

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|------------------|--------------------|-------------------|
| Cash Flows From Operating Activities | \$ (255,100) | \$ 720,027 | \$ 84,374 |
| Cash Flows From Investing Activities | <u>265,174</u> | <u>(751,809)</u> | <u>23,532</u> |
| Net change in cash and cash equivalents | <u>\$ 10,074</u> | <u>\$ (31,782)</u> | <u>\$ 107,906</u> |

The Foundation's cash and cash equivalents increase \$10,074 in fiscal year 2022. The majority of the increase was due to an increase in fundraising and contribution revenues. The Foundation's cash and cash equivalents decreased \$31,782 in fiscal year 2021. The majority of the decrease was due to the increase in investing revenues.

Request for information

This financial report is designed to provide a general overview of the Foundation's finances for all of those with an interest in the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Blount Memorial Foundation, Inc., 907 East Lamar Alexander Parkway, Maryville, TN 37804.

BLOUNT MEMORIAL FOUNDATION, INC.

Statements of Net Position

June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 196,430 | \$ 186,356 |
| Grants receivable | 73,347 | - |
| Prepaid expenses | <u>1,200</u> | <u>-</u> |
| Total current assets | 270,977 | 186,356 |
| Assets limited as to use - (note 2) | <u>2,546,308</u> | <u>2,811,482</u> |
| Total assets | <u>\$ 2,817,285</u> | <u>\$ 2,997,838</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 7,510 | \$ 14,304 |
| Deferred Inflows of Resources | <u>17,490</u> | <u>36,650</u> |
| Total liabilities and deferred inflows of resources | <u>25,000</u> | <u>50,954</u> |
| Net Position | | |
| Restricted, nonexpendable - (note 1) | 1,309,302 | 1,499,281 |
| Unrestricted | <u>1,482,983</u> | <u>1,447,603</u> |
| Total net position | <u>2,792,285</u> | <u>2,946,884</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 2,817,285</u> | <u>\$ 2,997,838</u> |

BLOUNT MEMORIAL FOUNDATION, INC.
 Statements of Revenues, Expenses, and Changes in Net Position
 Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Support and Other Gains (Losses) | | |
| Contributions | \$ 276,000 | \$ 114,089 |
| Fundraising income | 149,622 | 38,550 |
| In-kind donations | 13,353 | - |
| Investment (loss) income | (311,946) | 688,994 |
| Grants | <u>-</u> | <u>1,102,936</u> |
| Total support and other gains (losses) | <u>127,029</u> | <u>1,944,569</u> |
| Operating Expenses | | |
| Program services | 150,016 | 198,490 |
| General and administrative expenses | 87,109 | 36,463 |
| Fundraising expenses | <u>44,503</u> | <u>2,170</u> |
| Total operating expenses | <u>281,628</u> | <u>237,123</u> |
| Transfer to hospital | <u>-</u> | <u>1,048,943</u> |
| Change in net position | (154,599) | 658,503 |
| Net position at the beginning of the year | <u>2,946,884</u> | <u>2,288,381</u> |
| Net position at the end of the year | <u>\$ 2,792,285</u> | <u>\$ 2,946,884</u> |

BLOUNT MEMORIAL FOUNDATION, INC.
 Statements of Cash Flows
 Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Cash receipts from contributions, grants, and investments | \$ 52,482 | \$ 1,962,533 |
| Payments to vendors | <u>(307,582)</u> | <u>(1,242,506)</u> |
| Net cash flows from operating activities | <u>(255,100)</u> | <u>720,027</u> |
| Cash Flows From Investing Activities | | |
| Investment loss (income), net | 311,946 | (688,994) |
| (Purchase) redemption of securities designated as assets limited as to use, net | <u>(46,772)</u> | <u>(62,815)</u> |
| Net cash flows from investing activities | <u>265,174</u> | <u>(751,809)</u> |
| Net change in cash and cash equivalents | 10,074 | (31,782) |
| Cash and cash equivalents at the beginning of the year | <u>186,356</u> | <u>218,138</u> |
| Cash and cash equivalents at the end of the year | <u>\$ 196,430</u> | <u>\$ 186,356</u> |
| Reconciliation of change in net assets to net cash provided by operating activities: | | |
| Cash Flows From Operating Activities | | |
| Change in net position | \$ (154,599) | \$ 658,503 |
| Adjustments to reconcile change in net position to net cash flows from operating activities: | | |
| (Increase) decrease in assets: | | |
| Grants receivable | (73,347) | 17,964 |
| Prepaid expenses | (1,200) | - |
| (Decrease) increase in liabilities and deferred inflows of resources: | | |
| Accounts payable and accrued expenses | (6,794) | 8,320 |
| Deferred inflows of resources | <u>(19,160)</u> | <u>35,240</u> |
| Net cash from operating activities | <u>\$ (255,100)</u> | <u>\$ 720,027</u> |
| Supplemental Disclosures of Non-Cash Transactions: | | |
| Transfer of capital assets to hospital | <u>\$ -</u> | <u>\$ 1,048,943</u> |

BLOUNT MEMORIAL FOUNDATION, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Blount Memorial Foundation, Inc. (“the Foundation”) was formed on July 21, 1989. The Foundation is a non-profit corporation under Internal Revenue Code Section 501(c)(3) and is exempt from federal income tax. The Foundation coordinates and secures resources to enable Blount Memorial Hospital (“the Hospital”), Inc. to maintain, improve, and advance medical care. The Foundation is presented as a component unit of the Hospital for financial statement reporting purposes.

Basis of Presentation - The accounting and reporting policies of the Foundation relating to the accounts included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). All applicable GASB Statements have been implemented. Established standards of external financial reporting for all state and local governmental entities include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Net position is classified into two components - restricted and unrestricted. These classifications are defined as follows:

- *Restricted* - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The restricted component is separated into nonexpendable and expendable. Net position subject to externally imposed stipulations that the Foundation maintain them permanently are nonexpendable. Net position on which use by the Foundation is subject to externally imposed stipulations that can be fulfilled by action of the Foundation pursuant to those stipulations or that expire by the passage of time are expendable.
- *Unrestricted* - This component of net position consists of the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of all assets or restricted components of net position.

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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Foundation considers investments readily convertible into cash without significant loss due to penalties or interest, deposits in banks, and certificates of deposits to be cash and cash equivalents.

Receivables - Accounts receivable are uncollected grant obligations due and outstanding pledge receivable. Receivables as of June 30, 2022 amounted to \$73,347. Management believes no allowance for uncollectible accounts is considered necessary as of June 30, 2022 and 2021.

Assets Limited as to Use - The Foundation established an endowment fund and an income trust in December, 1992. First Tennessee Bank was named as trustee but it has since been moved to PYA Waltman Capital, LLC. Certain investments are restricted investments held by the Foundation in an income trust account that is classified as assets limited as to use that totaled \$1,237,006 and \$1,312,201 at June 30, 2022 and 2021, respectively. A portion of the investments is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust of \$55,000 with additional income of \$1,254,302 and \$1,444,281 at June 30, 2022 and 2021, respectively. Restricted net position presented on the Statements of Net Position totaled \$1,309,302 and \$1,499,281 at June 30, 2022 and 2021, respectively.

BLOUNT MEMORIAL FOUNDATION, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assets Limited as to Use - (Continued) - As of June 30, 2022 and 2021, net (depreciation) appreciation on assets limited as to use was (\$265,174) and \$751,809 respectively. In accordance with the State of Tennessee Statutes and Codes Uniform Prudent Management of Institutional Funds Act and as allowed by the Foundation's charter and approved by the Hospital's Board of Directors (the "Board"), net income and net capital appreciation in excess of the nonexpendable amount restricted in perpetuity are authorized for expenditure by the Board at its discretion.

Revenue Recognition - Contributions received are recorded as unrestricted or restricted net positions depending on the existence and nature of any donor restrictions. All donor-restricted net positions are reported as an increase in restricted net positions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net positions are reclassified to unrestricted net positions and reported in the statement of activities as net positions released from restrictions. Certain contributions received during the year were restricted amounting to \$154,697.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2022, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through the date of the independent auditors' report, which is the date these financial statements were available to be issued.

NOTE 2 - INVESTMENTS, (ASSETS LIMITED AS TO USE)

The Foundation values investments using a hierarchy by which to measure fair value. Level 1 inputs are based value upon quoted prices for identical assets or liabilities in active markets. Level 2 inputs are based value upon quoted prices for similar assets or liabilities in active markets or other market-based information, and Level 3 inputs are based on modeling. As of June 30, 2022 and 2021, the investment pool was 100% in Level 1, primarily mutual fund.

Investments as of June 30, 2022 are as follows:

| | Cost | Fair Value | Carrying Value |
|------------------------------|------|--------------|----------------|
| Nonexpendable Endowment Fund | \$ - | \$ 1,309,302 | \$ 1,309,302 |
| Unrestricted Income Trust | - | 1,237,006 | 1,237,006 |
| Total | \$ - | \$ 2,546,308 | \$ 2,546,308 |

Investments as of June 30, 2021 are as follows:

| | Cost | Fair Value | Carrying Value |
|------------------------------|------|--------------|----------------|
| Nonexpendable Endowment Fund | \$ - | \$ 1,499,281 | \$ 1,499,281 |
| Unrestricted Income Trust | - | 1,312,201 | 1,312,201 |
| Total | \$ - | \$ 2,811,482 | \$ 2,811,482 |

The following schedule summarizes investment activities for the years ended June 30:

| | 2022 | 2021 |
|--------------------------|--------------|------------|
| Dividends and interest | \$ 260,085 | \$ 139,700 |
| Unrealized (loss) gain | (661,686) | 544,878 |
| Realized gain | 89,655 | 4,416 |
| Investment (loss) income | \$ (311,946) | \$ 688,994 |

BLOUNT MEMORIAL FOUNDATION, INC.
Notes to Financial Statements (Continued)

NOTE 2 - INVESTMENTS, (ASSETS LIMITED AS TO USE) - (Continued)

The following is the aggregate carrying amounts by major types as of June 30, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|-------------|-------------|---------------------|
| Equity mutual fund | \$ 1,667,348 | \$ - | \$ - | \$ 1,667,348 |
| Bond mutual funds | 420,611 | - | - | 420,611 |
| Corporate stocks | 161,599 | - | - | 161,599 |
| Other mutual funds and holdings | <u>296,750</u> | <u>-</u> | <u>-</u> | <u>296,750</u> |
| Total | <u>\$ 2,546,308</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,546,308</u> |

The following is the aggregate carrying amounts by major types as of June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|-------------|-------------|---------------------|
| Equity mutual fund | \$ 2,348,242 | \$ - | \$ - | \$ 2,348,242 |
| Bond mutual funds | 416,112 | - | - | 416,112 |
| Other mutual funds and holdings | <u>47,128</u> | <u>-</u> | <u>-</u> | <u>47,128</u> |
| Total | <u>\$ 2,811,482</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,811,482</u> |

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, is primarily cash. The Foundation maintains cash, through its primary financial institution, in both regular cash accounts and federally insured savings accounts which may at times exceed federally insured amounts. In addition, management performs ongoing evaluations of the financial stability of the financial institutions and does not believe that significant financial risk exists at June 30, 2022 and 2021. Management does not believe that there is significant risk related to grant receivables as of June 30, 2022 and 2021.

NOTE 4 - INCOME TAXES

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Foundation is subject, however, to Federal income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the year ended June 30, 2022, the Foundation had no activities unrelated to its exempt purpose, and therefore, incurred no tax liability due to unrelated business income.

The Foundation recognizes a tax contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimates and management's judgment with respect to the likely outcome of any uncertain tax position.

The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Although the tax years ending June 30, 2019 through June 30, 2022 remain open for examination, it is management's opinion that no significant uncertain tax positions exist at June 30, 2022.

BLOUNT MEMORIAL FOUNDATION, INC.
Notes to Financial Statements (Continued)

NOTE 5 - RISK MANAGEMENT

The Foundation falls under the Hospital's commercial insurance for significant exposure to various risks related to the operating environment and industry such as loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. There were no significant losses in excess of insurance coverage during the last two years.

NOTE 6 - RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statements of net assets available for benefits.

On March 11, 2020, the World Health Organization designated COVID-19 a world health pandemic. If COVID-19 continues to spread in the United States, we expect to experience possible disruptions in the Healthcare Industry that could adversely impact our business. It is unknown how long these disruptions could continue, were they to occur. Additionally, COVID-19's spread, which has had a broad global impact, including restrictions on travel and quarantine policies put into place by businesses and governments, may materially affect us economically by causing disruptions in the construction industry. As the global outbreak of COVID-19 continues to rapidly evolve, the extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted.

NOTE 7 - CARES ACT

On March 27, 2020, former President Trump signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. Management is currently evaluating how these provisions of the CARES Act will impact the Foundation's financial position, results of operations, and cash flows.

The CARES Act also appropriated funds for the Coronavirus Relief Fund to cover necessary costs related to the COVID-19 health pandemic. The total reimbursable award was granted through United Way of Greater Knoxville on September 4, 2020 totaling \$1,061,538. The funding was utilized to build tent additions, equipment to aid with patients, and an awning for the outpatient drive through. The additions, equipment, and other items were purchased using grant funds and transferred to the Hospital during the year ended June 30, 2021. The transfer of \$1,061,538 is recorded on the Statements of Revenues, Expenses, and Changes in Net Position in the 2021 fiscal year.

SUPPLEMENTARY INFORMATION



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
Blount Memorial Foundation, Inc.
Maryville, 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 Blount Memorial Foundation, Inc. ("the Foundation"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and, cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 Foundation’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 Foundation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodger Moss & Co, PLLC

Knoxville, Tennessee
September 7, 2022

