

BLOUNT MEMORIAL FOUNDATION, INC.  
Financial Statements and Supplementary Information  
Years Ended June 30, 2023 and 2022

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Financial Statements and Supplementary Information  
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BLOUNT MEMORIAL FOUNDATION, INC.  
Roster of Board of Directors and Management  
Year Ended June 30, 2023

**Board of Directors**

Board Chairman	Dr. Keri Prigmore
Board Vice Chairman	Tony Thompson
Board Treasurer/Secretary	Tammi Ford
Board Member	Mary Beth West
Board Member	Greg Wilson
Board Member	Dr. Mark Green
Board Member	Lea Anne Law
Board Member	Laura Harrill
Board Member	Dr. Elizabeth LeBrun
Board Member	Joy Carver

**Principal Official/Management**

President/Chief Operations Officer	Connie Huffman
Chief Financial Officer/Chief Administrative 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, 2023 and 2022, 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, 2023 and 2022, 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 5-7 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 roster of board of directors and management 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 13, 2023, 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.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee  
September 13, 2023

BLOUNT MEMORIAL FOUNDATION, INC.  
Management's Discussion & Analysis  
Years Ended June 30, 2023 and 2022

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, 2023. 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 2023, 2022, and 2021, respectively.

**Statement of Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets	\$ 226,816	\$ 270,977	\$ 186,356
Non-current Assets	<u>2,703,080</u>	<u>2,546,308</u>	<u>2,811,482</u>
Total assets	<u>\$ 2,929,896</u>	<u>\$ 2,817,285</u>	<u>\$ 2,997,838</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities	\$ 8,804	\$ 7,510	\$ 14,304
Deferred Inflows of Resources	<u>9,739</u>	<u>17,490</u>	<u>36,650</u>
Total liabilities and deferred inflows of resources	<u>18,543</u>	<u>25,000</u>	<u>50,954</u>
Net Position			
Restricted, nonexpendable	1,425,555	1,309,302	1,499,281
Unrestricted	<u>1,485,798</u>	<u>1,482,983</u>	<u>1,447,603</u>
Total net position	<u>2,911,353</u>	<u>2,792,285</u>	<u>2,946,884</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,929,896</u>	<u>\$ 2,817,285</u>	<u>\$ 2,997,838</u>

Current Assets were \$226,816, \$270,977, and \$186,356 for fiscal years 2023, 2022, and 2021, respectively. Total liabilities and deferred inflows of resources were \$18,543, \$25,000, and \$50,954 for fiscal years 2023, 2022, and 2021, respectively. Restricted net positions were \$1,425,555, \$1,309,302, and \$1,499,281 for fiscal years 2023, 2022, and 2021, 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 2023, 2022, and 2021, respectively.

**Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Support and Other Gains	\$ 619,635	\$ 127,029	\$ 1,944,569
Expenses			
Operating	500,567	281,628	237,123
Transfer to hospital	-	-	1,048,943
Total expenses	<u>500,567</u>	<u>281,628</u>	<u>1,286,066</u>
Change in net position	119,068	(154,599)	658,503
Net position at the beginning of the year	<u>2,792,285</u>	<u>2,946,884</u>	<u>2,288,381</u>
Net position at the end of the year	<u>\$ 2,911,353</u>	<u>\$ 2,792,285</u>	<u>\$ 2,946,884</u>

Change in net position for fiscal years 2023 and 2022 were \$119,068 and (\$154,599), respectively. The increase in the change in net position from 2022 to 2023 was due to an increase in support and other gains. More details regarding revenues are contained within the Statement of Revenues, Expenses, and Changes in Net Position. The decrease in the change in net position from 2021 to 2022 was due to a decrease in support and other gains. More details regarding revenues are contained within the Statement of Revenues, Expenses, and Changes in Net Position. The Foundation did record investment income and loss of \$338,763 and (\$311,946) during fiscal year 2023 and 2022, 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 2023, 2022, and 2021, respectively.

**Statements of Cash Flows**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities	\$ 133,503	\$ (255,100)	\$ 720,027
Cash Flows From Investing Activities	<u>(156,772)</u>	<u>265,174</u>	<u>(751,809)</u>
Net change in cash and cash equivalents	<u>\$ (23,269)</u>	<u>\$ 10,074</u>	<u>\$ (31,782)</u>

The Foundation's cash and cash equivalents decreased \$23,269 in fiscal year 2023. The majority of the decrease was due to the increase in investing revenues. The Foundation's cash and cash equivalents increased \$10,074 in fiscal year 2022. The majority of the increase was due to an increase in fundraising and contribution revenues.



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

**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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 173,161	\$ 196,430
Pledges receivable, net	48,505	73,347
Prepaid expenses	<u>5,150</u>	<u>1,200</u>
Total current assets	226,816	270,977
Assets limited as to use - (note 2)	<u>2,703,080</u>	<u>2,546,308</u>
Total assets	<u>\$ 2,929,896</u>	<u>\$ 2,817,285</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,804	\$ 7,510
Deferred Inflows of Resources	<u>9,739</u>	<u>17,490</u>
Total liabilities and deferred inflows of resources	<u>18,543</u>	<u>25,000</u>
Net Position		
Restricted, nonexpendable - (note 1)	1,425,555	1,309,302
Unrestricted	<u>1,485,798</u>	<u>1,482,983</u>
Total net position	<u>2,911,353</u>	<u>2,792,285</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,929,896</u>	<u>\$ 2,817,285</u>

BLOUNT MEMORIAL FOUNDATION, INC.  
 Statements of Revenues, Expenses, and Changes in Net Position  
 Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Support and Other Gains (Losses)		
Contributions	\$ 140,203	\$ 276,000
Fundraising income	130,497	149,622
In-kind donations	10,172	13,353
Investment income (loss)	<u>338,763</u>	<u>(311,946)</u>
Total support and other gains (losses)	<u>619,635</u>	<u>127,029</u>
Operating Expenses		
Program services	412,704	150,016
General and administrative expenses	57,876	87,109
Fundraising expenses	<u>29,987</u>	<u>44,503</u>
Total operating expenses	<u>500,567</u>	<u>281,628</u>
Change in net position	119,068	(154,599)
Net position at the beginning of the year	<u>2,792,285</u>	<u>2,946,884</u>
Net position at the end of the year	<u>\$ 2,911,353</u>	<u>\$ 2,792,285</u>

BLOUNT MEMORIAL FOUNDATION, INC.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash receipts from contributions, grants, and investments	\$ 640,527	\$ 52,482
Payments to vendors	<u>(507,024)</u>	<u>(307,582)</u>
Net cash flows from operating activities	<u>133,503</u>	<u>(255,100)</u>
Cash Flows From Investing Activities		
Investment (income) loss, net	(338,763)	311,946
Redemption (purchase) of securities designated as assets limited as to use, net	<u>181,991</u>	<u>(46,772)</u>
Net cash flows from investing activities	<u>(156,772)</u>	<u>265,174</u>
Net change in cash and cash equivalents	(23,269)	10,074
Cash and cash equivalents at the beginning of the year	<u>196,430</u>	<u>186,356</u>
Cash and cash equivalents at the end of the year	<u>\$ 173,161</u>	<u>\$ 196,430</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Cash Flows From Operating Activities		
Change in net position	\$ 119,068	\$ (154,599)
Adjustments to reconcile change in net position to net cash flows from operating activities:		
(Increase) decrease in assets:		
Pledges receivable	24,842	(73,347)
Prepaid expenses	(3,950)	(1,200)
(Decrease) increase in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	1,294	(6,794)
Deferred inflows of resources	<u>(7,751)</u>	<u>(19,160)</u>
Net cash from operating activities	<u>\$ 133,503</u>	<u>\$ (255,100)</u>

BLOUNT MEMORIAL FOUNDATION, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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, Inc. ("the Hospital"), 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.

**Pledges Receivables** - Pledges receivable are uncollected grant obligations due and an outstanding pledge receivable. Receivables as of June 30, 2023 and 2022 amounted to \$48,505 and \$73,347, respectively. Management believes no allowance for uncollectible accounts is considered necessary as of June 30, 2023 and 2022.

**Assets Limited as to Use** - The Foundation established an endowment fund and an income trust in December, 1992. PYA Waltman Capital, LLC is the current trustee. 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 \$1,277,525 and \$1,237,006 at June 30, 2023 and 2022, respectively.

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

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

**Assets Limited as to Use - (Continued)** - A portion of the investments is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust of \$55,000 with additional income of \$1,370,555 and \$1,254,302 at June 30, 2023 and 2022, respectively. Restricted net position presented on the Statements of Net Position totaled \$1,425,555 and \$1,309,302 at June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, net (depreciation) appreciation on assets limited as to use was \$156,772 and (\$265,174), 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 \$9,217.

**Date of Management's Review** - Management has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2023, 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, 2023 and 2022, the investment pool was 100% in Level 1, primarily mutual funds.

Investments as of June 30, 2023 are as follows:

	Cost	Fair Value	Carrying Value
Nonexpendable Endowment Fund	\$ -	\$ 1,425,555	\$ 1,425,555
Unrestricted Income Trust	-	1,277,525	1,277,525
Total	\$ -	\$ 2,703,080	\$ 2,703,080

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

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

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

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

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 167,071	\$ 260,085
Unrealized gain (loss)	165,443	(661,686)
Realized gain	<u>6,249</u>	<u>89,655</u>
 Investment income (loss)	 <u>\$ 338,763</u>	 <u>\$ (311,946)</u>

The following is the aggregate carrying amounts by major types as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual fund	\$ 1,714,991	\$ -	\$ -	\$ 1,714,991
Bond mutual funds	482,062	-	-	482,062
Corporate stocks	371,195	-	-	371,195
Other mutual funds and holdings	<u>134,832</u>	<u>-</u>	<u>-</u>	<u>134,832</u>
 Total	 <u>\$ 2,703,080</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,703,080</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual fund	\$ 1,667,348	\$ -	\$ -	\$ 1,667,348
Bond mutual funds	420,591	-	-	420,591
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>\$ 2,546,288</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,546,288</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, 2023 and 2022. Management does not believe that there is significant risk related to pledge receivables as of June 30, 2023 and 2022.

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

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, 2023, 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, 2020 through June 30, 2023 remain open for examination, it is management's opinion that no significant uncertain tax positions exist at June 30, 2023.

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 the Foundation's net position and the amounts reported in the statements of revenues, expenses, and changes in net position.





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 statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year 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 13, 2023.

**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 or significant deficiencies may exist that were not 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.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee  
September 13, 2023

BLOUNT MEMORIAL FOUNDATION, INC.  
Schedule of Prior Year Findings  
Years Ended June 30, 2023 and 2022

**Financial Statement Findings**

There were no prior findings reported.