



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2018 and 2017

NISWONGER FOUNDATION, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2018 and 2017

NISWONGER FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Niswonger Foundation, Inc.
Greeneville, Tennessee

We have audited the accompanying financial statements of Niswonger Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2018 and 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



BLACKBURN, CHILDERS & STEAGALL, PLC
Greenville, Tennessee

September 6, 2018

NISWONGER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Restricted Cash	\$ 504,273	302,603
Program Accounts Receivable	42,409	-
Federal Grant Funds Receivable	22,793	-
Investments	8,655,972	8,470,463
Prepaid Expenses and Other Assets	600	600
Student Loans Receivable	154,831	67,010
Collections	101,861	101,861
Property and Equipment	1,350,527	906,806
TOTAL ASSETS	\$ 10,833,266	9,849,343
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Bank Overdraft	\$ 142,408	18,343
Accounts Payable and Other Accrued Liabilities	21,411	23,603
Line of Credit	295,177	287,797
Demand Notes Payable to Primary Benefactor	1,136,826	1,136,826
United States Department of Agriculture Loan	886,842	913,546
TOTAL LIABILITIES	2,482,664	2,380,115
 NET ASSETS		
Unrestricted Net Assets	7,827,237	7,182,763
Temporarily Restricted Net Assets	523,365	286,465
TOTAL NET ASSETS	8,350,602	7,469,228
TOTAL LIABILITIES AND NET ASSETS	\$ 10,833,266	9,849,343

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

NISWONGER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
REVENUE		
Federal Grants	\$ 246,973	-
Private Gifts and Grants	1,160,664	1,048,260
Investment Earnings	493,689	608,037
Realized Gains on Investments	187,058	358,584
Market Gains on Investments	90,539	61,724
Consortium Fee	67,400	86,100
Online Seat Fee	223,370	187,385
Scholarship Remission	111,032	7,532
Aircraft Timeshare Revenue	98,217	-
Other Income	335	491
Net Assets Released from Restrictions	1,305,573	792,202
TOTAL REVENUE	<u>3,984,850</u>	<u>3,150,315</u>
EXPENSES		
Program Expenses	2,957,586	2,243,001
Administrative Expenses	382,790	339,318
TOTAL EXPENSES	<u>3,340,376</u>	<u>2,582,319</u>
NET INCREASE IN UNRESTRICTED NET ASSETS	<u>644,474</u>	<u>567,996</u>
TEMPORARILY RESTRICTED NET ASSETS		
Gifts and Grants	1,542,473	1,078,667
Net Assets Released from Restrictions	(1,305,573)	(792,202)
NET INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>236,900</u>	<u>286,465</u>
TOTAL CHANGE IN NET ASSETS	<u>881,374</u>	<u>854,461</u>
NET ASSETS AT BEGINNING OF YEAR	<u>7,469,228</u>	<u>6,614,767</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,350,602</u>	<u>7,469,228</u>

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

NISWONGER FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 881,374	854,461
Adjustments to Reconcile Change in Net Assets to Net Cash Used For Operating Activities		
Donated Equipment	(405,505)	-
Realized Gains on Investments	(680,747)	(966,621)
Market Gains on Investments	(90,539)	(61,724)
Increase in Program Accounts Receivable	(42,409)	-
Increase in Federal Grant Funds Receivable	(22,793)	-
(Increase) Decrease in Student Loans Receivable	(87,821)	14,276
Decrease in Accounts Payable and Other Accrued Liabilities	(2,192)	(2,289)
Net Cash Used For Operating Activities	(450,632)	(161,897)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Securities	(33,000)	(30,000)
Proceeds from Sales and Maturities of Investments	618,777	536,437
Purchase of Property and Equipment	(38,216)	(905,288)
Net Cash Provided By (Used For) Investing Activities	547,561	(398,851)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Bank Overdraft	124,065	(109,979)
Proceeds from Borrowings	2,815,361	3,330,435
Repayment of Indebtedness	(2,834,685)	(2,381,601)
Net Cash Provided By Financing Activities	104,741	838,855
NET INCREASE IN RESTRICTED CASH	201,670	278,107
RESTRICTED CASH AT BEGINNING OF YEAR	302,603	24,496
RESTRICTED CASH AT END OF YEAR	\$ 504,273	302,603
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 20,317	11,629

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

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Niswonger Foundation, Inc. (the Foundation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is a private operating foundation which administers its own programs to create opportunities for individual and community growth through education and other sustainable projects. The Foundation accomplishes this mission through its scholarship and leadership programs, partnerships with local school districts and the disbursement of grants and contributions. The Foundation does not seek funding from the general public and, in the past, the vast majority of contributions have been from their primary benefactor, Mr. Scott M. Niswonger.

Basis of Accounting

The accounts of the Foundation are maintained, and the financial statements are prepared, on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial records.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). Under the FASB ASC, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The Foundation had no permanently restricted net assets at June 30, 2018 or 2017.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

The Foundation uses fund accounting for internal use and accordingly, all material inter-fund transactions have been eliminated.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Temporary restrictions met within the same fiscal year are reported as unrestricted.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used in computing the fair value of investments. Actual results could differ from those estimates and it is at least reasonably possible that these significant estimates will change within the next year.

Financial Statement Reclassifications

Certain reclassifications to unrestricted revenue and expense accounts have been made to the June 30, 2017 financial statements in order for them to conform to the June 30, 2018 financial statement presentation.

Cash and Cash Equivalents and Restricted Cash

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation's restricted cash is limited in use for expenditures within the scope of the individual programs. The Foundation maintains separate cash accounts for ongoing Foundation operations and for the programs.

Investments

The Foundation records investments in marketable securities with readily determinable market values and all investments in debt securities at their fair value. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Gains and losses and investment income derived from investments, receivables, and the like are accounted for as unrestricted, temporarily restricted or permanently restricted based on restrictions, if any, imposed by donors.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Loans Receivable

The Foundation reports their interest-free student loans receivable at their outstanding principal amounts. Student loans receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. In making that determination, management evaluated relevant borrower information and current economic conditions. Student loans enter repayment one year after graduation or immediately if the student drops out of school. The loans are considered to be in default upon the student's failure to make a regularly-scheduled monthly payment.

Collections

The Foundation has capitalized its collections since its inception. Collection items are recorded at cost if purchased and at fair value at date of accession if donated. Gains and losses from any deaccessions are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. Collection items are protected, kept unencumbered, cared for and preserved. The Foundation's collection consists of antique furniture donated to the Foundation. These items are considered to be inexhaustible and are, therefore, not depreciated.

Property and Equipment

The Foundation follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Compensated Absences

Employees of the Foundation are entitled to paid vacation and discretionary time, which accrues each year at variable rates according to each employee's position and length of service. All vacation and discretionary time must be used in the year earned, and cannot be carried forward into future periods if unused. There is no liability for discretionary time since the Foundation's policy is that employees will not be paid for any accrued discretionary time under any circumstances. The Foundation's policy regarding accrued vacation time is that upon separation from service, employees would be paid for the vacation time accrued in that year.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including in-kind contributions, which are restricted by the donor, are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Taxes

The Foundation is exempt from federal income taxes and classified as a private operating foundation under Section 501 of the IRC. It is subject to a 1.00% federal excise tax on net investment income, including realized gains, as defined by the IRC. The Foundation follows the FASB ASC, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. As of June 30, 2018 and 2017, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the financial statements. However, no interest or penalties were recorded during the years ended June 30, 2018 or 2017.

Subsequent Events

Subsequent events have been evaluated through September 6, 2018, which is the date that the Foundation's financial statements were available to be issued.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Total Fair Value	Quoted Prices In Active Markets for Identical Assets (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
2018				
Investments				
Equity Securities	\$ 2,160,980	2,160,980	-	-
Mutual Funds - Equities	4,364,644	4,364,644	-	-
Mutual Funds - Equities Measured at Net Asset Value ^a	1,307,876	-	-	-
Private Equity Funds Measured at Net Asset Value ^a	699,075	-	-	-
Total Investments	\$ 8,532,575	6,525,624	0	0
2017				
Investments				
Equity Securities	\$ 1,952,798	1,952,798	-	-
Mutual Funds - Equities	4,177,163	4,177,163	-	-
Mutual Funds - Equities Measured at Net Asset Value ^a	1,242,949	-	-	-
Private Equity Funds Measured at Net Asset Value ^a	894,929	-	-	-
Total Investments	\$ 8,267,839	6,129,961	0	0

^a In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Certain mutual funds and private equity funds are valued at the Net Asset Value (NAV) provided by the investment broker, which is considered a practical expedient to estimate fair value. The NAV is based on the value of the underlying assets owned by the fund, minus liabilities, and then divided by the number of shares outstanding.

In addition to the investments shown above which are stated at fair value, the Foundation's investments also include cash and cash equivalents totaling \$123,397 and \$202,624 as of June 30, 2018 and 2017, respectively.

A summary of return on investments consists of the following for the fiscal years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and Dividends	\$ 493,689	608,037
Net Realized Gains	187,058	358,584
Net Unrealized Gains	90,539	61,724
Advisory Fees	<u>(55,778)</u>	<u>(56,358)</u>
Net Return	<u>\$ 715,508</u>	<u>971,987</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 111,700	111,700
Aircraft	405,505	-
Construction in Progress	<u>833,322</u>	<u>795,106</u>
Total Property and Equipment	<u>\$ 1,350,527</u>	<u>906,806</u>

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4 - LINE OF CREDIT

At June 30, 2018 and 2017, the Foundation had an available bank line of credit for an amount up to \$500,000. The line of credit is unsecured and had a one-year term ending June 30, 2018, with a provision for annual extensions. The full amount of the outstanding balance on the line of credit is due and payable on the annual expiration date unless the line of credit is extended, therefore the balance is classified as current. Interest, as described below, is due monthly on amounts borrowed under this agreement. At June 30, 2018 and 2017, the line of credit was subject to interest at an annual rate of 4.00% and 3.50%, respectively, which is an annually variable rate determined by the financial institution. Terms of the agreement require the Foundation to maintain unrestricted liquid assets in excess of the outstanding dollar amount of the line. The Foundation was in compliance with this requirement at June 30, 2018 and 2017. At June 30, 2018 and 2017, the outstanding balance on the line of credit was \$295,177 and \$287,797, respectively.

NOTE 5 - RELATED PARTY NOTES PAYABLE

At June 30, 2018 and 2017, the Foundation had total interest-free, unsecured demand notes payable to their primary benefactor of \$1,136,826. These notes are considered current due to the demand feature of the agreement, under which the notes are due and payable thirty (30) days from the demand date of the primary benefactor. In accordance with the FASB ASC, interest is imputed on the outstanding balance using the IRC blended annual rate for the period for which the amount of forgone interest is being determined, compounded semiannually (2.03% and 1.09% as of June 30, 2018 and 2017, respectively). The amount of imputed interest recorded as an expense and as a related in-kind contribution from the lender for the years ended June 30, 2018 and 2017 was \$23,227 and \$12,442, respectively. These in-kind contributions for the years ended June 30, 2018 and 2017, respectively, are reported as a component of private gifts and grants revenue in the Statements of Activities.

NOTE 6 - LONG-TERM DEBT

Long-term debt consisted of a note payable to the United States Department of Agriculture (USDA) dated December 5, 2016 with monthly payments of \$6,232 due January 5, 2017 through December 5, 2032. Interest is payable monthly at an annual rate of 2.375%. Security for payment of the note consists of all real property and equipment acquired with Rural Housing Service funds and all revenues in connection with the operation of the facilities. At June 30, 2018 and 2017, the outstanding balance on the note payable was \$886,842 and \$913,546, respectively.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Following is a schedule of future maturities of long-term debt:

Year Ending June 30		
2019	\$	54,310
2020		55,614
2021		56,949
2022		58,317
2023		59,717
Thereafter		601,935
	\$	<u>886,842</u>

NOTE 7 - RETIREMENT PLAN

The Foundation maintains a defined contribution pension plan under IRS Code Section 403(b). The Foundation makes a discretionary monthly contribution based on a percentage of each qualified employee's salary, as determined by the Foundation. Contributions totaling \$30,821 and \$32,452 were made by the Foundation for the years ended June 30, 2018 and 2017, respectively, in addition to the elective deferrals made by employees, if any.

NOTE 8 - CONCENTRATIONS

The Foundation maintains cash balances at a single financial institution. At times during the years ended June 30, 2018 and 2017, balances on deposit at financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. Cash equivalent amounts are neither insured nor guaranteed by the FDIC. However, the Foundation has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9 - COMMITMENTS

The Foundation has approved future budgeted expenditures for several of its school partnership programs with local school districts. These expenditures are contingent upon the recipient programs' satisfactory completion of agreed-upon project objectives. Approved budgeted funding by year is as follows:

For the Fiscal Year Ending:	
June 30, 2019	\$ 926,000
June 30, 2020	<u>8,000</u>
	<u><u>\$ 934,000</u></u>

NOTE 10 - ACCOUNTING CHANGE

In the fiscal year ended June 30, 2018, the Foundation retrospectively implemented the requirements of FASB Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, to no longer categorize in the fair value hierarchy investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient.

NOTE 11 - ACCOUNTING STANDARD UPDATES

In May 2014, the FASB issued *Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the fiscal year ending June 30, 2020. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2021. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 11 - ACCOUNTING STANDARD UPDATES (CONTINUED)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly-recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2022. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard requires presentation on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. Accordingly, the statement of activities will present the amount of change in each of the two classes of net assets rather than that of the currently required three classes. The standard also removes the current requirement for a reconciliation using the indirect method of reporting cash flows, when the direct method is utilized, and requires enhanced footnote disclosures regarding Board designations, donor restrictions, cash liquidity, and functional expense classifications, among others. This standard will be effective for the fiscal year ending June 30, 2019. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

SUPPLEMENTARY INFORMATION

NISWONGER FOUNDATION, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2018 and 2017

	PROGRAM	ADMINISTRATIVE	TOTAL
<u>2018</u>			
Salaries and Wages	\$ 275,606	68,902	344,508
Payroll Taxes	20,830	5,208	26,038
Employee Benefits	10,726	2,681	13,407
Professional Services	-	62,749	62,749
Travel and Conferences	10,123	-	10,123
Supplies and Materials	-	11,458	11,458
Rent	-	9,600	9,600
Insurance	-	14,293	14,293
Interest	-	43,544	43,544
Investment Fees	-	55,778	55,778
Other Expenses	-	108,577	108,577
Scholarship Program	411,288	-	411,288
School Partnership Program	591,427	-	591,427
CareerConnect Program	124,657	-	124,657
Mini-Grant Program	46,454	-	46,454
CARE Program	707,573	-	707,573
Consortium Fee	73,878	-	73,878
Online Seat Fee	217,808	-	217,808
Rural LIFE Program	267,259	-	267,259
Aircraft	199,957	-	199,957
	<u>\$ 2,957,586</u>	<u>382,790</u>	<u>3,340,376</u>
<u>2017</u>			
Salaries and Wages	\$ 279,687	69,922	349,609
Payroll Taxes	26,092	6,523	32,615
Employee Benefits	12,087	3,022	15,109
Professional Services	-	76,379	76,379
Travel and Conferences	13,445	-	13,445
Supplies and Materials	-	10,598	10,598
Rent	-	9,600	9,600
Insurance	-	8,878	8,878
Interest	-	24,071	24,071
Investment Fees	-	56,358	56,358
Other Expenses	-	73,967	73,967
Scholarship Program	432,966	-	432,966
School Partnership Program	416,139	-	416,139
CareerConnect Program	76,427	-	76,427
Mini-Grant Program	38,547	-	38,547
CARE Program	707,637	-	707,637
Consortium Fee	64,532	-	64,532
Online Seat Fee	175,442	-	175,442
	<u>\$ 2,243,001</u>	<u>339,318</u>	<u>2,582,319</u>

See Independent Auditors' Report.

NISWONGER FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor / Program Title	Federal CFDA Number	Federal Expenditures
United States Department of Education		
Education Innovation and Research	84.411B	\$ 246,973
Total Expenditures of Federal Awards		<u>\$ 246,973</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Niswonger Foundation, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Niswonger Foundation, Inc., it is not intended to, and does not present, the financial position, changes in net assets or cash.

Note B - Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Niswonger Foundation, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.