Blackburn, Childers & Steagall, PLC
Certified Public Accountants & Consultants

September 6, 2018

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

We have audited the financial statements of Niswonger Foundation, Inc. (the Foundation) for the year ended June 30, 2018, and we will issue our report thereon dated September 6, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 25, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. As described in Note 10, the Foundation changed accounting policies 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 by adopting 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)*, in fiscal year 2018. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Foundation during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the fair value of investments, which is based on quoted market prices, when available, and on quoted market prices of comparable instruments if quoted market prices are unavailable. Some investments 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. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule (Schedule A) summarizes the uncorrected misstatement of the financial statements. Management has determined that its effects are immaterial to the financial statements taken as a whole. All other misstatements detected as a result of audit procedures and corrected by management are summarized in the attached Schedule B. The following material reclassifications detected as a result of audit procedures were corrected by management: to reclassify investment activity, to reclassify contribution revenue from program revenue and expense, and to reclassify net asset classifications.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 6, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BLACKBURN, CHILDERS & STEAGALL, PLC

Niswonger Foundation, Inc.
Schedule A - Summary of Passed Adjustments
June 30, 2018

		Debit	Credit	Net Income (Loss) Effect
PAJE.01				
R-60050-0	Scholarship Expense - Tuition, etc.	$ 24,590		
R-12010-0	Accounts Receivable - Scholars		24,590	
				(24,590)
PASSED AJE - CLIENT DO NOT POST - To discount student loans receivable to their net present value at year end, using a discount rate of 4.00%.				
	TOTAL	$ 24,590	24,590	(24,590)

Niswonger Foundation, Inc.
Schedule B - Summary of Posted Adjustments
June 30, 2018

		Debit	Credit	Net Income (Loss) Effect
AJE.01				
R-31000-0	Net Assets - Unrestricted	$ 507		
R-80550-0	Office Supplies		507	
				507
To reconcile net assets.				
AJE.02				
R-23020-0	USDA Loan		10,688	
R-81620-0	Interest Expense	10,688		
				(10,688)
To reclassify interest expense paid on the USDA loan.				
AJE.03				
R-40150-0	Income from Contribution		23,227	
R-81620-0	Interest Expense	23,227		
				-
To record imputed interest from interest-free demand loans.				
AJE.04				
R-15100-0	Buildings - Operating		223,400	
R-15700-0	Land	223,400		
				-
To adjust for FY2017 audit adjustment posted incorrectly.				
AJE.05				
R-10200-0	Federal Grant Funds Receivable	22,793		
R-40450-0	Rural Life Grant		22,793	
				22,793
To record receivable for federal grant funds expended but not drawn-down at year-end.				
AJE.06				
R-31000-0	Net Assets - Unrestricted	523,365		
R-32000-0	Temporarily Restricted Net Assets		523,365	
				-
F/S Only - Client Do Not Post - To reclassify net assets for financial statement purposes.				
AJE.07				
R-40000-0	Contributions		9,600	
R-81570-0	Rent	9,600		
				-
To record rent of donated facilities from Tusculum University.				

Niswonger Foundation, Inc.
Schedule B - Summary of Posted Adjustments (Continued)
June 30, 2018

		Debit	Credit	Net Income (Loss) Effect
AJE.08				
R-40000-0	Contributions		150,000	
R-40510-0	Citation Income	150,000		
				-
To reclassify contribution revenue.				
AJE.09				
R-40000-0	Contributions		120,000	
R-50550-0	Ottway Ballfield Project	120,000		
				-
To reclassify contribution revenue.				
AJE.10				
R-22010-0	Accounts Payable		11,661	
R-80440-0	Office Space / New Building	11,661		
				(11,661)
To expense land tax payments recorded in accounts payable.				
AJE.11				
R-40100-0	Investment Income		20,898	
R-40200-0	Realized Gains/Losses		106,294	
R-40300-0	Unrealized Gains/Losses	107,915		
R-81550-0	Investment Fees	21,872		
R-81610-0	Excise Tax		2,595	
				-
To reclassify investment income, gains and losses.				
AJE.12				
R-14041-0	CARE Consortium Fee	15,000		
R-40410-0	CARE Consortium Fee		15,000	
				-
To correct the effects of client adjustment reversing journal entries posted in FY2017.				
AJE.13				
R-15100-0	Buildings - Operating	38,216		
R-80440-0	Office Space / New Building		38,216	
				38,216
To capitalize current year renovation costs for the office building.				
CAJE.01				
R-10052-F	Friday Institute	20,211		
R-22010-0	Accounts Payable		20,211	
				(20,211)
Client Adjusting Journal Entry - To record NC State invoice in accounts payable at year-end.				
	TOTAL	$ 1,298,455	1,298,455	18,956