

August 31, 2017

To the Board of Directors
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, 2017, and have issued our report thereon dated August 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 20, 2017. 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. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. We noted no transactions entered into by the Foundation during the 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 misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. All misstatements detected as a result of audit procedures and corrected by management are summarized in the attached Schedule B.

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 August 31, 2017.

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.

Sincerely,

A handwritten signature in cursive script that reads "Blackburn, Childers & Steagall, PC".

BLACKBURN, CHILDERS & STEAGALL, PLC

Niswonger Foundation, Inc.
Schedule A - Summary of Passed Adjustments
June 30, 2017

		<u>Debit</u>	<u>Credit</u>	<u>Net Income (Loss) Effect</u>
PAJE.01				
R-15100-0	Buildings- Operating	\$ 12,959.20		
R-40350-0	Other Income		12,959.20	
				12,959.20
PASSED AJE - CLIENT DO NOT POST - To adjust property purchase cost to actual.				
PAJE.02				
R-12010-0	Accounts Receivable - Scholars		5,984.00	
R-60050-0	Scholarship Expense - Tuition, etc.	5,984.00		
				(5,984.00)
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%.				
PAJE.03				
R-22030-0	Accrued Interest		12,304.72	
R-81620-0	Interest Expense	12,304.72		
				(12,304.72)
PASSED AJE - CLIENT DO NOT POST - To record accrued interest at yearend per the USDA loan confirmation.				
	TOTAL	<u>31,247.92</u>	<u>31,247.92</u>	<u>(5,329.52)</u>

Niswonger Foundation, Inc.
Schedule B - Summary of Posted Adjustments
June 30, 2017

		<u>Debit</u>	<u>Credit</u>	<u>Net Income (Loss) Effect</u>
AJE.01				
R-40150-0	Income from Contribution		12,442.00	
R-81620-0	Interest Expense	\$ 12,442.00		-
To record imputed interest from interest-free demand loans.				
AJE.02				
R-15100-0	Buildings-Operating	111,700.00		
R-15200-0	Land-Operating		111,700.00	-
To reclassify the land portion of the property purchase.				
AJE.03				
R-31000-0	Net Assets - Unrestricted	919.86		
R-80550-0	Office Supplies		919.86	919.86
To reconcile CY beginning net assets to PY ending net assets.				
AJE.04				
G-32000-F	Temporarily Restricted Net Assets	299.59		
G-41106-0	Other Income		299.59	299.59
To reconcile CY beginning net assets to PY ending net assets.				
AJE.05				
R-40000-0	Contributions		9,600.00	
R-81570-0	Rent	9,600.00		-
To record amount for rent from donated facilities to Niswonger Foundation from Tusculum College.				
AJE.06				
R-40400-0	Scholarship Remission		7,532.45	
R-60050-0	Tuition, Room and Board	2,402.65		
R-60100-0	Books and Supplies	5,129.80		-
To reclassify revenue from student loan receivable originally posted to expense accounts.				

Niswonger Foundation, Inc.
Schedule B - Summary of Posted Adjustments (Continued)
June 30, 2017

		<u>Debit</u>	<u>Credit</u>	<u>Net Income (Loss) Effect</u>
AJE.07				
R-31000-0	Net Assets -Unrestricted	286,465.00		
R-32000-0	Temporarily Restricted Net Assets		286,465.00	
				-
F/S Only - Client Do Not Post - To reclassify temporarily restricted net assets.				
AJE.08				
R-40100-0	Investment Income		29,083.00	
R-40200-0	Realized Gains/Losses		218,583.00	
R-40300-0	Unrealized Gains/Losses	220,011.00		
R-81550-0	Investment Fees	27,655.00		
				-
To reclassify amounts for investment income, gains and losses.				
	TOTAL	<u>\$ 676,624.90</u>	<u>676,624.90</u>	<u>1,219.45</u>