



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2023 and 2022

NISWONGER FOUNDATION, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2023 and 2022

NISWONGER FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 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.

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

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 within one year after the date that the financial statements are available to be issued.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 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.

Blackburn, Childers & Steagall, P.C.
BLACKBURN, CHILDERS & STEAGALL, PLC
Greeneville, Tennessee

October 30, 2023

NISWONGER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 3,574,370	3,346,227
Restricted Cash	37,392	29,914
Grants Receivable	2,240,978	787,275
Investments	10,070,544	11,700,846
Other Assets	600	600
Student Loans Receivable	82,762	82,762
Note Receivable	10,000	16,000
Collections	101,861	101,861
Property and Equipment, Net of Accumulated Depreciation	5,736,768	5,940,194
TOTAL ASSETS	\$ 21,855,275	22,005,679
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Accrued Liabilities	\$ 896,715	1,060,609
Deferred Revenue	89,435	-
Lines of Credit	934,462	2,574,715
United States Department of Agriculture Loan	601,935	661,652
TOTAL LIABILITIES	2,522,547	4,296,976
NET ASSETS		
Net Assets Without Donor Restrictions	18,332,728	15,137,322
Net Assets With Donor Restrictions		
COVID CARES Advising	-	17,938
CARE Online	-	44,347
Project on Track Grant	-	1,378,260
Comprehensive Education Resources	-	127,362
Depot Street	1,000,000	1,000,000
Ottway Ballfield	-	3,474
TOTAL NET ASSETS	19,332,728	17,708,703
TOTAL LIABILITIES AND NET ASSETS	\$ 21,855,275	22,005,679

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

NISWONGER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2023 and 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Federal Grants	\$ 9,684,093	7,441,036
Non Federal Grants	1,420,565	1,075,000
Private Gifts and Grants	764,850	330,044
Gifts In-Kind	-	167,020
Investment Earnings, Net	226,399	590,070
Realized Gains (Losses) on Investments	(108,606)	259,782
Market Gains (Losses) on Investments	1,031,705	(2,236,073)
Partnership Fees	658,982	776,927
Change in Present Value Discount	-	17,395
Interest Income	29,789	447
Other Income	20,092	-
Net Assets Released from Restrictions	1,571,381	1,510,152
TOTAL REVENUE	15,299,250	9,931,800
EXPENSES		
Program Expenses	11,776,659	9,974,365
Administrative Expenses	806,038	796,056
TOTAL EXPENSES	12,582,697	10,770,421
NET INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,716,553	(838,621)
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts and Grants	-	3,012,156
Net Assets Released from Restrictions	(1,571,381)	(1,510,152)
NET INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(1,571,381)	1,502,004
TOTAL CHANGE IN NET ASSETS	1,145,172	663,383
NET ASSETS AT BEGINNING OF YEAR	17,708,703	17,146,391
PRIOR PERIOD ADJUSTMENT	478,853	(101,071)
NET ASSETS AT BEGINNING OF YEAR, RESTATED	18,187,556	17,045,320
NET ASSETS AT END OF YEAR	\$ 19,332,728	17,708,703

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

NISWONGER FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	PROGRAM	ADMINISTRATIVE	TOTAL
<u>2023</u>			
Salaries and Wages	\$ 429,698	107,424	537,122
Payroll Taxes	36,440	9,110	45,550
Employee Benefits	103,375	25,844	129,219
Professional Services	-	53,910	53,910
Travel and Conferences	-	25,126	25,126
Supplies and Materials	-	10,969	10,969
Insurance	-	22,646	22,646
Interest	-	76,659	76,659
Utilities	-	23,544	23,544
Media	-	25,691	25,691
Other Expenses	-	221,689	221,689
Depreciation	-	203,426	203,426
Scholarship Program	296,321	-	296,321
School Partnership Program	41,599	-	41,599
CareerConnect Program	175,479	-	175,479
CARE Program	738,549	-	738,549
Partnership Program	437,207	-	437,207
Rural LIFE Grant	496,843	-	496,843
NTC Grant	284,247	-	284,247
AP Access for All Grant	2,740,259	-	2,740,259
Miscellaneous Program Expenses	322,940	-	322,940
STEM Grant	2,209,116	-	2,209,116
Project on Track Grant	3,464,586	-	3,464,586
	<u>\$ 11,776,659</u>	<u>806,038</u>	<u>12,582,697</u>

	PROGRAM	ADMINISTRATIVE	TOTAL
<u>2022</u>			
Salaries and Wages	\$ 400,393	100,098	500,491
Payroll Taxes	40,462	10,116	50,578
Employee Benefits	99,238	24,809	124,047
Professional Services	-	172,423	172,423
Travel and Conferences	-	29,348	29,348
Supplies and Materials	-	16,193	16,193
Insurance	-	19,720	19,720
Interest	-	75,245	75,245
Utilities	-	41,122	41,122
Media	-	19,992	19,992
Other Expenses	-	88,722	88,722
Depreciation	-	198,268	198,268
Scholarship Program	298,254	-	298,254
School Partnership Program	65,352	-	65,352
CareerConnect Program	123,498	-	123,498
Mini-Grant Program	65	-	65
COVID CARES Advising Program	682,062	-	682,062
Partnership Program	418,926	-	418,926
Rural LIFE Grant	2,485,806	-	2,485,806
NTC Grant	290,861	-	290,861
AP Access for All Grant	2,358,573	-	2,358,573
Miscellaneous Program Expenses	376,428	-	376,428
STEM Grant	1,733,926	-	1,733,926
Project on Track Grant	600,521	-	600,521
	<u>\$ 9,974,365</u>	<u>796,056</u>	<u>10,770,421</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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,145,172	663,383
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used For) Operating Activities		
Gain on Forgiveness of Refundable Advances	-	(107,667)
Gain on Forgiveness of Demand Notes Payable to Primary Benefactor	-	(1,136,826)
Depreciation	203,426	198,268
Interest and Dividends	(226,399)	(590,517)
Realized (Gains) Losses on Investments	108,606	(259,782)
Market (Gains) Losses on Investments	(1,031,705)	2,236,073
(Increase) Decrease in Grants Receivable	(974,850)	(265,924)
(Increase) Decrease in Student Loans Receivable	-	(17,395)
(Increase) Decrease in Note Receivable	6,000	3,590
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(163,894)	767,247
Increase (Decrease) in Deferred Revenue	89,435	-
Net Cash Provided By (Used For) Operating Activities	(844,209)	1,490,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Securities	-	(885,571)
Proceeds from Sales and Maturities of Investments	2,779,800	2,051,798
Purchase of Property and Equipment	-	(332,345)
Net Cash Provided By Investing Activities	2,779,800	833,882
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	868,881	4,450,170
Repayment of Indebtedness	(2,568,851)	(4,994,933)
Net Cash Used for Financing Activities	(1,699,970)	(544,763)
NET INCREASE IN CASH	235,621	1,779,569
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	3,376,141	1,596,572
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 3,611,762	3,376,141

(Continued)

NISWONGER FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH REPORTED ON STATEMENT OF FINANCIAL POSITION		
Cash	\$ 3,574,370	3,346,227
Restricted Cash	<u>37,392</u>	<u>29,914</u>
	<u>\$ 3,611,762</u>	<u>3,376,141</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
 Cash Paid for Interest	 <u>\$ 76,659</u>	 <u>75,245</u>
 NONCASH INVESTING AND FINANCING ACTIVITIES		
Gain on Forgiveness of Refundable Advances	\$ -	(107,667)
Gain on Forgiveness of Demand Notes Payable to Primary Benefactor	- <u>(478,853)</u>	(1,136,826) <u>101,071</u>
Prior Period Adjustment to Grants Receivables	<u>\$ (478,853)</u>	<u>(1,143,422)</u>

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

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Reclassification

Certain 2022 amounts have been reclassified to conform with the 2023 financial statement presentation.

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 two classes of net assets: net assets without donor restriction and net assets with donor restriction.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 net assets without donor restrictions.

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 and the present value discount on student loans receivable. Actual results could differ from those estimates and it is at least reasonably possible that these significant estimates will change within the next year.

Cash 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 the USDA debt reserve requirement.

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 net assets with or without donor restrictions based on restrictions, if any, imposed by donors.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

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. For the year ended June 30, 2021, the Foundation forgave all but one of these student loan receivables. The remaining scholar loan receivable is payable to the Foundation in the current fiscal year, therefore no present value discount is recorded.

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

Property and equipment are recorded at cost when purchased, and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	39
Furniture and Equipment	5 to 7

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. Routine repairs and maintenance are expensed as incurred.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Contributions

Contributions, including in-kind contributions, which are restricted by the donor, are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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, 2023 and 2022, 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, 2023 or 2022.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Salaries and wages, payroll taxes, and employee benefits have been allocated 80% to program expenses and 20% to administrative expenses.

Revenue Recognition

The Foundation recognizes revenue from partnership fees when the performance obligation of providing the services are met. Partnership fees are paid each semester at a set price for each participating student. These charges are fully earned and recognized throughout the year as revenue.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30, 2023 and 2022 available to meet general expenditures over the next 12 months:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End		
Cash	\$ 3,574,370	3,346,227
Investments	10,070,544	11,700,846
Student Loans Receivable	82,762	82,762
Note Receivable	10,000	16,000
Total Financial Assets at Year-End	<u>13,737,676</u>	<u>15,145,835</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	<u>1,000,000</u>	<u>2,571,381</u>
Financial Assets Not available to be Used Within One Year	<u>1,000,000</u>	<u>2,571,381</u>
Financial Assets Available to Meet General Expenditures in One Year	<u>\$ 12,737,676</u>	<u>12,574,454</u>

As part of the Foundation's liquidity management, assets are made available as expenditures and other liabilities are due. The goal is to have a cash reserve of one to two months to meet cash needs for general expenses. For short term liquidity issues and for unanticipated liquidity requests, the Foundation has a line of credit in the amount of \$1,000,000. See Note 6 for more information about the line of credit.

NOTE 3 - GIFTS IN-KIND

The Foundation received gifts in-kind for the years ended June 30, as follows:

	<u>2023</u>	<u>2022</u>
Books	\$ -	72,390
Office Space	-	34,000
Software	-	60,630
Total	<u>\$ -</u>	<u>167,020</u>

The fair value of gifts in-kind is assessed at fair market value when the donation is received.

The Foundation's office space for the Rural Life Grant program is donated. The market value was \$34,000 for the fiscal year ended June 30, 2022.

The Foundation received book donations specifically designed to improve literacy during the fiscal year ended June 30, 2022 with an estimated market value of \$72,390. The books were distributed across the region, with at-risk areas, along with distressed and low socioeconomic regions receiving preference.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 - GIFTS IN-KIND (CONTINUED)

The Foundation received a software donation with an estimated market value totaling \$60,630 for the fiscal year ended June 30, 2022. The software donated is designed to have articles published at five reading levels for the participants to choose the reading level best suited for them. The software was used in the Rural Life Grant program.

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

<u>Fair Value Measurements at Reporting Date Using:</u>				
	Total	Quoted Prices	Significant	Significant
	Fair Value	In Active	Other	Unobservable
		Markets for	Observable	Inputs
		Identical Assets	Inputs	Inputs
		(Level One)	(Level Two)	(Level Three)
<u>2023</u>				
Investments				
Equity Securities	\$ 2,520,085	2,520,085	-	-
Mutual Funds - Equities	5,842,264	5,842,264	-	-
Mutual Funds - Equities				
Measured at Net Asset Value ^a	1,264,258	-	-	-
Total Investments	<u>\$ 9,626,607</u>	<u>8,362,349</u>	<u>-</u>	<u>-</u>
<u>2022</u>				
Investments				
Equity Securities	\$ 2,539,893	2,539,893	-	-
Mutual Funds - Equities	5,292,556	5,292,556	-	-
Mutual Funds - Equities				
Measured at Net Asset Value ^a	1,227,088	-	-	-
Hedge Funds				
Measured at Net Asset Value ^a	1,857,205	-	-	-
Total Investments	<u>\$ 10,916,742</u>	<u>7,832,449</u>	<u>-</u>	<u>-</u>

^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 statement of financial position.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - 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 \$443,937 and \$784,104 as of June 30, 2023 and 2022, respectively.

A summary of return on investments consists of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 270,093	\$ 645,952
Net Realized Gains (Losses)	(108,606)	259,782
Net Unrealized Gains (Losses)	1,031,705	(2,236,073)
Advisory Fees	<u>(43,694)</u>	<u>(55,882)</u>
Net Return	<u>\$ 1,149,498</u>	<u>\$ (1,386,221)</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 132,700	\$ 132,700
Furniture and Equipment	289,071	289,071
Buildings	<u>6,023,817</u>	<u>6,023,817</u>
	6,445,588	6,445,588
Less: Accumulated Depreciation	<u>(708,820)</u>	<u>(505,394)</u>
Total Property and Equipment	<u>\$ 5,736,768</u>	<u>\$ 5,940,194</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$203,426 and \$198,268, respectively.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 - LINES OF CREDIT

At June 30, 2022, the Foundation had an available bank line of credit for an amount up to \$3,250,000. This line of credit was secured by certain investments. Interest, as described below, was due monthly on amounts borrowed under this agreement. The interest rate changed from LIBOR to SOFR in February 2022; the rate as of June 30, 2022 was 2.63%, which was the one month SOFR rate 1.09% plus 1.54%. At June 30, 2022, the outstanding balance on the line of credit was \$1,839,330. During 2023, this line of credit was paid off.

At June 30, 2023 and 2022, the Foundation had an available bank line of credit for an amount up to \$1,000,000. This line of credit is unsecured. Interest, as described below, is due monthly on amounts borrowed under this agreement. The interest rate changed from a variable base rate to SOFR in September 2022. The rate as of June 30, 2023 was 6.33%, which was the SOFR rate. The rate at June 30, 2022 was 4.00%, which was the variable interest rate. This line of credit matures in September 2023 and is annually renewable thereafter. At June 30, 2023 and 2022, the outstanding balance on the line of credit was \$934,462 and \$735,385, respectively.

Interest expense related to the lines of credit for the years ended June 30, 2023 and June 30, 2022, was \$61,592 and \$58,778, respectively.

NOTE 7 - RELATED PARTY TRANSACTIONS

At June 30, 2021, the Foundation had interest-free, unsecured demand notes payable to its primary benefactor of \$1,136,826. These notes were 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.

During the 2022 year, the total outstanding balance of \$1,136,826 on these demand notes payable, was forgiven by the primary benefactor. The gain on forgiveness for the year ended 2022, is reported as a component of private gifts and grants revenue in the Statements of Activities.

The Foundation holds building, workman's compensation, and liability insurance policies with a member of senior management spouse's insurance agency. During the year ended June 30, 2023, total insurance payments were \$39,882.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists 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.

NISWONGER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 - LONG-TERM DEBT (CONTINUED)

At June 30, 2023 and 2022, the outstanding balance on the note payable was \$601,935 and \$661,652, respectively. Interest expense related to long term debt for the years ended June 30, 2023 and 2022 was \$15,067 and \$16,467, respectively.

The following is a schedule of future maturities of long-term debt:

Year Ending June 30		
2024	\$	61,151
2025		62,619
2026		64,123
2027		65,662
2028		67,239
Thereafter		281,141
	\$	<u>601,935</u>

NOTE 9 - 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 \$27,449 and \$27,150 were made by the Foundation for the years ended June 30, 2023 and 2022, respectively, in addition to the elective deferrals made by employees, if any.

NOTE 10 - CONCENTRATIONS

The Foundation maintains cash balances at a single financial institution. At times during the years ended June 30, 2023 and 2022, balances on deposit at financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. Cash 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, 2023 and 2022

NOTE 11 - 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, 2024	<u>\$ 459,100</u>
	<u><u>\$ 459,100</u></u>

NOTE 12 - PRIOR PERIOD ADJUSTMENT

Grants receivable related to prior year expenses were noted during the current fiscal year and adjusted accordingly. Net assets at the beginning of fiscal year 2023 increased by \$478,853 for the effects of the adjustment.

Accounts payable that should have been recorded in fiscal year 2021 were noted during fiscal year 2022 and adjusted accordingly. Net assets at the beginning of fiscal year 2022 decreased by \$101,071 for the effects of the adjustment.

NOTE 13 - CORONAVIRUS CONSIDERATIONS

In February 2021, the Foundation applied for and was approved a \$107,667 loan under the second round of the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrues interest at 1%, but payments are not required to begin until 10 months after the covered period. The entire loan was forgiven during fiscal year June 30, 2022 and recorded as private gifts and grants revenue in the Statements of Activities.

NOTE 14 - ACCOUNTING STANDARD UPDATES

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, 2024.

SUPPLEMENTARY INFORMATION

NISWONGER FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor / Program Title	Assistance Listing Number (ALN)	Federal Expenditures
Major Programs:		
United States Department of Education		
<u>Pass-Through New Teacher Center</u>		
Education Innovation and Research	84.411 A	\$ 307,188
United States Department of Education		
Education Innovation and Research	84.411 B	<u>2,674,726</u>
Total Education Innovation and Research		2,981,914
United States Department of Education		
<u>Pass-Through Tennessee Department of Education</u>		
COVID-19 GEER Fund and Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425 C/D	2,964,927
United States Department of Education		
COVID-19 American Rescue Plan (ARP ESSER)	84.425U	<u>3,645,471</u>
Total ARP ESSER		6,610,398
Non-Major Programs:		
United States Department of Agriculture		
Community Facilities Direct Loans	10.766	661,652
United States Department of Education		
Innovative Approaches to Literacy; Full Service Community Schools; and Promise Neighborhood	84.215K	<u>91,782</u>
Total Expenditures of Federal Awards		<u><u>\$ 10,345,746</u></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, 2023. 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 flows of Niswonger Foundation, Inc.

NISWONGER FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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. The Foundation annually negotiates and receives approval on an indirect cost rate plan for all federal funds. The Foundation did not elect to use the 10 percent de minimis indirect cost rate.

Note C - Loans Outstanding

The Foundation had the following loan balances outstanding at June 30, 2023 for loans that the grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year were \$661,652 and there were no loans made during the year. The balance of loans outstanding at June 30, 2023 is \$601,935. See Note 8 for further information on this loan.

**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 of
Niswonger Foundation, Inc.
Greeneville, 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 Niswonger Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2023.

Report on 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 of 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.



BLACKBURN, CHILDERS & STEAGALL, PLC
Greeneville, Tennessee

October 30, 2023

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Niswonger Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2023. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BLACKBURN, CHILDERS & STEAGALL, PLC
Greeneville, Tennessee

October 30, 2023

NISWONGER FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Niswonger Foundation, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements in the schedule of findings and questioned costs.
3. No instances of noncompliance material to the financial statements of Niswonger Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in compliance and internal control over compliance over major federal award programs is reported in the schedule of findings and questioned costs.
5. The independent auditors' report on compliance for the major federal award programs for Niswonger Foundation, Inc. expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in the schedule of findings and questioned costs.
7. The programs tested as major programs include:
 - U. S. Department of Education: Governor's Emergency Education Relief and Elementary and Secondary School Emergency Relief Funds: ALN #84.425C and 84.425D
 - U. S. Department of Education: American Rescue Plan: ALN #84.425U
 - U. S. Department of Education: Education Innovation and Research: ALN #84.411A and 84.411B
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. Niswonger Foundation, Inc. was not determined to be a low-risk auditee.

NISWONGER FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

PART II - FINDINGS - FINANCIAL STATEMENT AUDIT

Current Year Findings

None Reported.

Prior Year Findings Not Implemented

None Reported.

Prior Year Findings Implemented

None Reported.

PART III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Current Year Findings

None Reported.

Prior Year Findings Not Implemented

None Reported.

Prior Year Findings Implemented

None Reported.