

**ANDREW JACKSON
FOUNDATION**

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2022 and 2021

ANDREW JACKSON FOUNDATION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Andrew Jackson Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Andrew Jackson Foundation (a Tennessee nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Andrew Jackson Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Andrew Jackson Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Andrew Jackson 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 Andrew Jackson 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of Andrew Jackson 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 Andrew Jackson 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 Andrew Jackson Foundation's internal control over financial reporting and compliance.

Mullins Clemmons + Mays, PLLC

Brentwood, Tennessee
January 27, 2023

ANDREW JACKSON FOUNDATION**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,135,394	\$ 2,436,076
Accounts receivable	10,442	4,566
Grants receivable	-	30,107
Promises to give, net	611,973	804,040
Inventories	155,266	193,756
Prepaid expenses	2,204	769
Prepaid unrelated business income tax	-	3,089
Collections, property and equipment, net	5,951,013	6,360,571
Construction-in-progress	203,983	263,309
Investments	3,277,478	764,439
Beneficial interest in charitable remainder trust	<u>87,264</u>	<u>152,655</u>
TOTAL ASSETS	<u>\$ 11,435,017</u>	<u>\$ 11,013,377</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and other accrued liabilities	\$ 208,936	\$ 373,290
Employees' compensation payable	134,658	229,267
Unrelated business income tax payable	6,710	-
Advanced grant funds	1,792,859	-
Note payable	28,692	192,515
Paycheck Protection Program payable	-	606,480
Total liabilities	<u>2,171,855</u>	<u>1,401,552</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	439,379	118,594
Board designated	<u>8,200,898</u>	<u>8,700,481</u>
Total net assets without donor restrictions	<u>8,640,277</u>	<u>8,819,075</u>
With donor restrictions	<u>622,885</u>	<u>792,750</u>
Total net assets	<u>9,263,162</u>	<u>9,611,825</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,435,017</u>	<u>\$ 11,013,377</u>

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

ANDREW JACKSON FOUNDATION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Program service fees:			
Admissions	\$ 3,311,204	\$ -	\$ 3,311,204
Museum store	789,251	-	789,251
Café and concessions	19,771	-	19,771
After-hours events	116,570	-	116,570
Total program service fees	4,236,796	-	4,236,796
Contributions	971,177	116,424	1,087,601
Government grants	216,944	-	216,944
Paycheck Protection Program proceeds	606,480	-	606,480
Programs and education	58,124	-	58,124
Loss on disposal of fixed assets	(268,077)	-	(268,077)
Miscellaneous income	127,400	-	127,400
Memberships	33,365	-	33,365
Insurance proceeds	12,814	-	12,814
Change in value of charitable remainder trust	-	(65,391)	(65,391)
Net investment return	(188,150)	-	(188,150)
Total	5,806,873	51,033	5,857,906
Net assets released from restrictions	220,898	(220,898)	-
Total revenues, gains and other support	6,027,771	(169,865)	5,857,906
EXPENSES:			
Program services	4,956,827	-	4,956,827
Fundraising	488,686	-	488,686
Management and general	761,056	-	761,056
Total expenses	6,206,569	-	6,206,569
CHANGES IN NET ASSETS	(178,798)	(169,865)	(348,663)
NET ASSETS:			
Beginning of year	8,819,075	792,750	9,611,825
End of year	<u>\$ 8,640,277</u>	<u>\$ 622,885</u>	<u>\$ 9,263,162</u>

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

ANDREW JACKSON FOUNDATION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Program service fees:			
Admissions	\$ 1,681,398	\$ -	\$ 1,681,398
Museum store	411,752	-	411,752
Café and concessions	3,009	-	3,009
After-hours events	103,259	-	103,259
Total program service fees	2,199,418	-	2,199,418
Contributions	1,274,186	62,130	1,336,316
Government grants	343,178	-	343,178
Paycheck Protection Program proceeds	606,500	-	606,500
Programs and education	22,459	-	22,459
Miscellaneous	62,236	-	62,236
Memberships	27,334	-	27,334
Insurance proceeds	78,872	-	78,872
Change in value of charitable remainder trust	-	21,936	21,936
Net investment return	171,993	-	171,993
Total	4,786,176	84,066	4,870,242
Net assets released from restrictions	2,670,626	(2,670,626)	-
Total revenues, gains and other support	7,456,802	(2,586,560)	4,870,242
EXPENSES:			
Program services	3,818,982	-	3,818,982
Fundraising	409,350	-	409,350
Management and general	873,752	-	873,752
Total expenses	5,102,084	-	5,102,084
CHANGES IN NET ASSETS	2,354,718	(2,586,560)	(231,842)
NET ASSETS:			
Beginning of year	6,464,357	3,379,310	9,843,667
End of year	\$ 8,819,075	\$ 792,750	\$ 9,611,825

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

ANDREW JACKSON FOUNDATION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (348,663)	\$ (231,842)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	614,778	607,820
Forgiveness on Paycheck Protection Program loan	(606,480)	(606,500)
Net unrealized and realized (gains) losses on investments	220,713	(149,895)
Loss on disposal of property and equipment	268,077	-
Net changes in other operating assets and liabilities:		
Accounts receivable, grants receivable and promises to give	216,298	732,437
Inventories	38,490	36,616
Prepaid expenses	(1,435)	3,540
Beneficial interest in charitable remainder trust	65,391	(21,936)
Accounts payable and accrued liabilities	(249,164)	37,916
Advanced grant funds	1,792,859	-
Net cash provided by operating activities	<u>2,010,864</u>	<u>408,156</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of collections, property and equipment	(209,988)	(104,233)
Construction-in-progress purchases	(203,983)	(140,105)
Purchases of investments	(3,035,859)	(128,594)
Proceeds from sales of investments	302,107	72,378
Net cash used in investing activities	<u>(3,147,723)</u>	<u>(300,554)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Paycheck Protection Program loan	-	606,480
Payment on line of credit	-	(230,000)
Principal repayments of long-term debt	(163,823)	(5,570)
Proceeds from Small Business Administration loan	-	150,000
Net cash provided by financing activities	<u>(163,823)</u>	<u>520,910</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,300,682)</u>	<u>628,512</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,436,076</u>	<u>1,807,564</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,135,394</u></u>	<u><u>\$ 2,436,076</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Unrelated business income taxes paid during the year	\$ 306	\$ 7,077

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

ANDREW JACKSON FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and employee benefits	\$ 2,207,652	\$ 254,303	\$ 348,611	\$ 2,810,566
Cost of sales	510,319	-	-	510,319
Bad debts	-	-	221,199	221,199
Professional fees	136,634	60,120	85,651	282,405
Marketing and advertising	312,660	1,540	155	314,355
Utilities	234,738	1,474	3,873	240,085
Fundraising event expenses	-	94,163	-	94,163
Supplies	86,519	9,297	28,669	124,485
Equipment	206,282	17,245	10,211	233,738
Property maintenance	308,512	5,164	1,056	314,732
Preservation	52,260	-	-	52,260
Fees	84,711	-	3,755	88,466
Insurance expense	122,892	11,110	28,918	162,920
Travel	14,259	3,267	2,596	20,122
Printing	33,423	12,504	2,970	48,897
Postage	2,188	5,097	611	7,896
Dues and memberships	16,819	3,687	5,361	25,867
Miscellaneous	14,372	3,567	11,272	29,211
Total expenses before depreciation and unrelated business income tax	4,344,240	482,538	754,908	5,581,686
Depreciation	602,482	6,148	6,148	614,778
Unrelated business income tax	10,105	-	-	10,105
Total expenses	<u>\$ 4,956,827</u>	<u>\$ 488,686</u>	<u>\$ 761,056</u>	<u>\$ 6,206,569</u>

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

ANDREW JACKSON FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and employee benefits	\$ 1,899,884	\$ 326,394	\$ 288,396	\$ 2,514,674
Cost of sales	261,117	-	-	261,117
Bad debts	-	-	504,000	504,000
Professional fees	63,335	13,642	21,491	98,468
Marketing and advertising	130,357	-	10	130,367
Utilities	175,176	2,423	3,495	181,094
Fundraising event expenses	-	33,588	-	33,588
Supplies	39,169	1,824	6,508	47,501
Equipment	123,358	3,926	6,108	133,392
Property maintenance	207,084	75	-	207,159
Preservation	121,764	-	-	121,764
Fees	51,795	1,132	3,308	56,235
Insurance expense	123,431	18,281	26,367	168,079
Travel	5,503	685	573	6,761
Printing	2,157	45	628	2,830
Postage	1,552	1,028	653	3,233
Dues and memberships	14,661	229	2,855	17,745
Miscellaneous	396	-	3,282	3,678
Total expenses before depreciation and unrelated business income tax	3,220,739	403,272	867,674	4,491,685
Depreciation	595,664	6,078	6,078	607,820
Unrelated business income tax	2,579	-	-	2,579
Total expenses	<u>\$ 3,818,982</u>	<u>\$ 409,350</u>	<u>\$ 873,752</u>	<u>\$ 5,102,084</u>

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

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 – THE ENTITY

Andrew Jackson Foundation (the "Foundation"), a Tennessee nonprofit corporation, was incorporated in February 1889, for the purpose of preserving the historical and cultural materials and exhibits related to the life and times of President Andrew Jackson. At such time, the State of Tennessee conveyed the "Hermitage", the historic property consisting of the land, residence, and tomb of President Jackson, in trust to a Board of Trustees to permit and encourage the Foundation to improve and beautify the property. In 1964, the Foundation entered into an agreement with family descendants to operate neighboring "Tulip Grove", home of President Jackson's nephew, in a manner similar to the Hermitage. During 1990, pursuant to an agreement reached with the State of Tennessee, the Foundation was deemed successor in interest to the Board of Trustees and assumed all such rights, responsibilities, and liabilities. The historic properties were transferred to the Foundation, in trust for the people of the State of Tennessee, subject to the following restrictions:

- a. Prohibition of the mortgage, sale, or other transfer of the property
- b. Maintenance and availability for audit of records and financial accounts in conformity with generally accepted accounting principles
- c. Submission of plans for construction, alteration, or modification of the properties to the State Architect
- d. Compliance with State laws and regulations attributable to funds appropriated by the State
- e. Approval by the State of changes in the Foundation's by-laws or purchasing procedures
- f. Compliance with certain specified financial reporting requirements

In October 2018, the State of Tennessee turned over the deed to 457 acres that had previously been leased under an agreement with the Foundation.

The historic properties may revert to the State of Tennessee, without compensation, only if the Foundation fails, neglects, or refuses to preserve and beautify the historic properties or fails to comply with the above-mentioned requirements. At June 30, 2022, there was no indication of any factors that would cause the historic properties to revert to the State of Tennessee.

Major sources of revenues are admission fees, charitable contributions, and the sale of items related to the Hermitage. Since the Foundation's operations depend upon the tourist trade, they are subject to seasonal fluctuations and other conditions common to this industry.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2022 and 2021 in these financial statements refer to the years ended June 30, 2022 and 2021 unless otherwise noted.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions – Net assets whose use by the Foundation is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Foundation pursuant to those restrictions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

See Note 16 for further details related to net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Foundation may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Accounts receivable are written off when all collection efforts have ceased. The Foundation uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable. At June 30, 2022 and 2021, management deemed all accounts receivable to be fully collectible, and no allowances were recorded.

Inventories

Inventories are stated at the lower of average cost or net realizable value. See Note 4 for further details related to inventories.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses, whether realized or unrealized, are included in the statements of activities and changes in net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. See Notes 6 and 11 for further details related to investments.

Contributions and Promises to Give

Contributions are recognized as revenues when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises to give are recorded at fair value. The fair value of promises to give, which are payable within one year, is generally considered to be the same as the net realizable value of the promises. The fair value of promises to give, which are payable over a period greater than one year, is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. At June 30, 2022 the discount rate was 5.25% (3.75% in 2021). The discount is amortized on the straight-line basis over the promise period, with the discount amortization being recorded as a component of contributions.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2022 and 2021, management deemed all promises to give to be fully collectible, and no allowances were recorded.

Historic Site, Collections, Property and Equipment

Values attributable to historic sites (transferred to the Foundation by the State of Tennessee) are not recognized in the financial statements since the values to such historical treasures are not generally measurable in monetary terms. Restoration, collections, property and equipment are stated at cost, less accumulated depreciation. Contributions of collections, property and equipment are reported at the fair value. Depreciation expense (for assets other than land and collections) is computed by using the straight-line method over the estimated useful lives of the related assets, which range from three to forty years.

See Note 7 for further details related to collections, property and equipment.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Foundation derives its revenues primarily from tour admissions of the property and after hours events. These program service revenues contain a single delivery element and revenue is recognized at a single point in time when a visitor tours the property in an amount that reflects the consideration that the Foundation expects to be entitled to in exchange for the tour. Accordingly, there are no remaining performance obligations or contract liabilities after the tour occurs. The Foundation does not have any significant financing components as payments are received at the time of the tour or shortly before the tour.

A museum store is located on the property wherein visitors may purchase items. Revenue is recognized when control of the items is transferred to its customers, in an amount that reflects the consideration that the Foundation expects to be entitled to in exchange for the items. Sales and other taxes the Foundation collects concurrent with revenue-producing activities are excluded from revenue. The Foundation does not have any significant financing components as payments are received at or shortly after the point of sale.

Government Grants

The Foundation receives grant revenue from government agencies. In accordance with ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, revenue from government grants are considered contributions because the customer does not receive commensurate value for the consideration received by the Organization; rather, the purpose of these arrangements is for the benefit of the general public. These grants are conditional due to rights of return and barriers to entitlement to funds. Grant revenue is recognized when the condition is satisfied in the period a liability is incurred for eligible expenditures under the terms of the grant.

Donated Materials and Services

Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by the Foundation if not contributed. The value of recorded donated services totaled \$8,514 and \$5,518 for the years ended June 30, 2022 and 2021, respectively. These amounts are reported as contributions and offsetting expenses in the statements of activities and changes in net assets. The Foundation received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition.

Donated assets and rights or benefits (e.g. leases, etc.) are recognized at fair value on the date contributed.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, (“the Code”) and is not classified as a private foundation. As such, only unrelated business income, as defined by Sections 512(a)(1) of the Code, is subject to federal income tax. The Foundation’s primary source of unrelated business income is a portion of the museum store’s activity. The Foundation’s expense for federal income tax on unrelated business activities totaled \$10,105 and \$2,579 for 2022 and 2021, respectively.

The Foundation files an annual information return (Form 990) and an Exempt Organization Business Income Tax Return (Form 990-T) with the U.S. government. At June 30, 2022, the Foundation is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2019. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions which are material to the financial statements.

Functional Allocation of Expenses

Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function. See Note 17 for further details related to the methods used to allocate expenses.

Advertising Costs

Advertising costs are expensed when incurred. Advertising and promotion expense totaled \$323,371 and \$127,380 for the years ended June 30, 2022 and 2021, respectively.

Shipping and Handling Costs

Shipping handling costs are expensed when incurred. Any shipping and handling costs billed to customers are included in museum store revenues.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After the Reporting Date

The Foundation has evaluated events and transactions that occurred between June 30, 2022 and January 27, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2021 financial statements for consistency with the presentation for 2022. These reclassifications did not have a significant impact on the previously reported financial position, changes in net assets, and cash flows of the Foundation.

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,135,394	\$ 2,436,076
Accounts receivable	10,442	4,566
Grants receivable	-	30,107
Promises to give	611,973	804,040
Investments	3,277,478	764,440
Beneficial interest in charitable remainder trust	87,264	152,655
Total financial assets	<u>\$ 5,122,551</u>	<u>\$ 4,191,884</u>
Less amounts not available to be used within one year:		
Beneficial interest in charitable remainder trust	(87,264)	(152,655)
Promises to give	(174,917)	(276,521)
Donor restricted net assets	(219,690)	(369,690)
Donor restricted endowment funds	(219,118)	(116,968)
Financial assets not available to be used within one year	<u>(700,989)</u>	<u>(915,834)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,421,562</u>	<u>\$ 3,276,050</u>

The Foundation has certain promises to give which are limited to use but expected to be available for general expenditures within one year in the normal course of operations. Accordingly, these promises have been included in the qualitative information above.

As part of the Foundation's liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Foundation has a \$800,000 line of credit available to meet cash flow needs. Additionally, the Foundation received a loan under the Paycheck Protection Program to meet cash flow needs. See Note 12 for further details related to the line of credit. See Note 14 for further details related to the loan under the Paycheck Protection Program.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 4 – INVENTORIES**

Inventories consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Museum store	\$ 180,266	\$ 218,756
Reserve for potential markdowns	(25,000)	(25,000)
Net inventories	<u>\$ 155,266</u>	<u>\$ 193,756</u>

The Foundation has established a reserve in the amount of \$25,000 at June 30, 2022 and 2021 for potential future markdowns on slow-moving items. Management believes that these markdowns and reserves reduce inventories to lower of cost or net realizable value, and no additional losses will be incurred upon disposition.

NOTE 5 – PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 440,171	\$ 371,046
In one to five years	199,917	455,271
Gross promises to give	640,088	826,317
Less unamortized discount on promises to give	(13,115)	(22,277)
Less allowance for uncollectible accounts	(15,000)	-
Promises to give, net	<u>\$ 611,973</u>	<u>\$ 804,040</u>

In 2021, the Foundation obtained agreement from several donors to release restrictions on promises to give and contributions related to the Presidential Learning Center project, totaling \$1,933,500. This was reported in net assets released from restrictions on the Statement of Activities. Certain promises to give for the Presidential Learning Center have not been redirected, totaling \$96,250 (\$352,500 at December 31, 2021). Of this total, management has determined that \$15,000 could be uncollectible which has been recorded as an allowance for uncollectible accounts.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 6 – INVESTMENTS**

The fair values of investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Corporate debt securities	\$ 2,026,111	\$ 114,075
Registered investment companies	1,141,012	332,654
Equity securities - common stocks	110,315	253,178
Alternative investments	40	64,532
Total investments	<u>\$ 3,277,478</u>	<u>\$ 764,439</u>

The net investment return consisted of the following for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 32,563	\$ 20,868
Net realized and unrealized gains (losses)	(220,713)	151,125
Total investment return	<u>\$ (188,150)</u>	<u>\$ 171,993</u>

The Foundation has established certain investment allocation guidelines for the Foundation's investment portfolio. The investment allocations at June 30, 2022 were as follows:

	<u>Board Approved %</u>	<u>Actual %</u>	<u>Fair Values</u>
US Equities	30% - 70%	30.9%	\$ 1,020,452
International Equities	5% - 25%	7.0%	230,875
Fixed Income Securities	15% - 50%	61.3%	2,026,111
Alternative Investments	0%	0.0%	40
Total investments			<u>\$ 3,277,478</u>
Cash Reserves	0% - 10%	0.9%	\$ 30,101

See Note 11 for further details related to the fair value measurements.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 7 – COLLECTIONS, PROPERTY AND EQUIPMENT**

Collections, property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Depreciable assets:		
Museum properties	\$ 7,870,476	\$ 7,870,476
Residences	820,936	820,936
Other buildings	4,034,066	4,037,666
Equipment	1,579,922	1,427,504
Access road project	87,552	83,952
Other improvements	419,985	419,985
Total cost	14,812,937	14,660,519
Accumulated depreciation	(10,629,737)	(10,067,341)
Subtotal	4,183,200	4,593,178
Nondepreciable assets:		
Land	788,467	788,467
Collections acquired since June 1994	979,346	978,926
Net book value	<u>\$ 5,951,013</u>	<u>\$ 6,360,571</u>

NOTE 8 – CONSTRUCTION-IN-PROGRESS

Construction-in-progress at June 30, 2022 consisted of costs related to the maintenance and renovation of the Hermitage mansion. Construction-in-progress at June 30, 2021 consisted of the development and design of the Presidential Learning Center. Due to the uncertainties related to Covid and the decline in admissions, the Board voted to suspend the project indefinitely. Management has determined that new design plans will be obtained if the project resumes. These costs have been written off in 2022.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2022 AND 2021**

NOTE 9 – LEASES

Andrew Jackson Foundation has a lease agreement with an unrelated party to lease copiers. The agreement expires in 2023. Lease expense totaled \$4,776 for 2022 and 2021.

Future minimum lease payments under the terms of this lease as of June 30, 2022 are as follows:

Fiscal years ending June 30:	
2023	\$ 4,776
2024	796
Total payments	<u>\$ 5,572</u>

NOTE 10 – CHARITABLE REMAINDER TRUST

The Foundation has been named a remainder beneficiary of a charitable remainder trust. Two income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year equal to a percentage of the net fair market value of the trust assets. Upon the death of both beneficiaries, thirty-three percent of the remaining principal is to be distributed to the Foundation.

A long-term asset for the beneficial interest in the charitable remainder trust has been recognized in the statements of financial position. The recorded amounts of \$87,264 and \$152,655 represents the Foundation's share of the fair value of the trust principal at June 30, 2022 and 2021, respectively. Changes in the fair value of the Foundation's beneficial interest have been included in the change in net assets with donor restrictions in the statements of activities and changes in net assets. See Note 11 for further details related to the fair value measurements.

NOTE 11– FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. Level 2 inputs are inputs from quoted market prices in active markets for similar assets and liabilities, which are observable for the asset or liability, either directly or indirectly. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets measured on a recurring basis at June 30, 2022 and 2021 were as follows:

		Fair Value Measurements at Reporting Date Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
	Fair Value		
At June 30, 2022:			
Corporate debt securities and bond funds	\$ 2,026,111	\$ 2,026,111	\$ -
Registered investment companies	1,141,012	1,141,012	-
Equity securities - common stocks	110,315	110,315	-
Alternative investments	40	40	-
Beneficial interest in charitable remainder trust	87,264	-	87,264
Total	<u>\$ 3,364,742</u>	<u>\$ 3,277,478</u>	<u>\$ 87,264</u>
At June 30, 2021:			
Corporate debt securities	\$ 114,075	\$ 114,075	\$ -
Registered investment companies	332,654	332,654	-
Equity securities - common stocks	253,178	253,178	-
Alternative investments	64,532	64,532	-
Beneficial interest in charitable remainder trust	152,655	-	152,655
Total	<u>\$ 917,094</u>	<u>\$ 764,439</u>	<u>\$ 152,655</u>

Level 1 Fair Value Measurements

The fair values of the corporate debt securities, registered investment companies, equity securities and alternative investments are based on quoted prices in active markets for identical assets.

Level 3 Fair Value Measurements

The fair value of the beneficial interest in charitable remainder trust is estimated as the present value of the expected future cash inflows discounted at the average one-year Treasury bill rate, which was approximately 2.79% and .16% for 2022 and 2021, respectively.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides further details of the Level 3 fair value measurements for the beneficial interest in charitable remainder trust for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 152,655	\$ 130,719
Change in value of beneficial interest in charitable remainder trust	<u>(65,391)</u>	<u>21,936</u>
Balance at end of year	<u>\$ 87,264</u>	<u>\$ 152,655</u>

NOTE 12 – LINE OF CREDIT

The Foundation has a revolving line of credit agreement ("agreement") with a financial institution. The agreement matures on May 5, 2024. Maximum borrowings available under the agreement are \$800,000. There were no outstanding line of credit advances at June 30, 2022 and 2021.

Interest is payable monthly at an annual interest rate equal to the index rate as established by the lender plus 0.5%, or 5.25% at June 30, 2022 (4.0% at June 30, 2021). Borrowings under the agreement are collateralized by substantially all of the Foundation's assets except real estate, including historic properties.

NOTE 13 – NOTE PAYABLE

Notes payable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note payable to finance company, non-interest bearing, payable in monthly installments of \$1,045	\$ 24,043	\$ 35,542
Note payable to finance company, non-interest bearing, payable in monthly installments of \$194	4,649	6,973
Note payable to Small Business Administration, bearing interest at 2.75%	<u>-</u>	<u>150,000</u>
Total note payable	28,692	192,515
Current portion	<u>(14,869)</u>	<u>(13,823)</u>
Long-term portion	<u>\$ 13,823</u>	<u>\$ 178,692</u>

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 13 – NOTE PAYABLE (CONTINUED)

The note payable is collateralized by certain equipment.

Future principal maturities of notes payable at June 30, 2022 is as follows:

Fiscal years ending June 30,:	
2023	\$ 14,869
2024	13,823
Total	<u>\$ 28,692</u>

NOTE 14 – PAYCHECK PROTECTION PROGRAM PAYABLE

On April 10, 2020, the Foundation received loan proceeds in the amount of \$606,500 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation used the proceeds for purposes consistent with the PPP and the proceeds were forgiven in 2021. The Foundation recorded these funds in accordance with FASB ASC 470, Debt. Accordingly, the Foundation has recognized the proceeds upon forgiveness in 2021.

On February 11, 2021, the Foundation received \$606,480 of PPP proceeds. The Foundation used the proceeds for purposes consistent with the PPP and has recognized the proceeds upon forgiveness in 2022.

NOTE 15 – PROFIT SHARING PLAN

The Foundation maintains a qualified profit-sharing plan with a 401(k) deferred compensation provision. All employees are eligible to participate in the Foundation's profit-sharing plan and 401(k) plan as long as they have completed one year of service and have attained age 21.

The Foundation makes a discretionary matching contribution equal to a percentage of the amount of the salary reduction deferred by each eligible employee. The amount deferred by the employee may not exceed 15% or the maximum annual amount allowed by law. Expenses related to this plan amounted to \$18,093 and \$8,984 for 2022 and 2021, respectively.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 16 – NET ASSETS**

Net assets without donor restrictions include amounts designated by the Board. Board designated net assets consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Historic properties in trust for the people of the State of Tennessee	\$ 6,108,123	\$ 6,607,706
Operating reserve	2,000,000	2,000,000
Endowment	92,775	92,775
Total board designated net assets	<u>\$ 8,200,898</u>	<u>\$ 8,700,481</u>

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specified purpose:		
Beneficial interest in charitable remainder trust	\$ 87,264	\$ 152,655
Capital campaign	219,690	369,690
Orientation film and theatre	-	22,266
Rachel's Garden	14,646	28,462
Rachel's Garden brick fund	34,830	19,579
Special event sponsorships	-	20,000
Property restoration	27,483	27,458
Education	13,378	13,978
Miscellaneous	6,476	11,694
Subject to expenditure for future fiscal year	-	10,000
Endowments:		
General endowment	174,118	71,968
Tulip Grove endowment	45,000	45,000
Net assets with donor restrictions	<u>\$ 622,885</u>	<u>\$ 792,750</u>

During 2022 and 2021, net assets with donor restrictions of \$220,898 and \$2,670,626, respectively, were released from donor restrictions by incurring expenses satisfying the restrictions or receiving a release of the restriction from the donor.

The State of Tennessee has passed the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit restrictions to the contrary.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 16 – NET ASSETS (CONTINUED)

The Foundation classifies as net assets with donor restrictions the sum of (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

At the current time, none of the endowment funds have donor-imposed instructions that specify accumulations, as noted in item (c) of the preceding sentence.

The remaining portion of the donor-restricted endowment funds not considered permanently restricted net assets are considered temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. There were no temporarily restricted assets related to the donor-restricted endowment funds at June 30, 2022 and 2021.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) General economic conditions;
- (2) The possible effect of inflation and deflation;
- (3) The expected tax consequences, if any, of investment decisions or strategies;
- (4) The role that each investment or course of action plays within the overall investment portfolio;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Foundation;
- (7) The needs of the Foundation and the endowment funds to make distributions and to preserve capital; and
- (8) An asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as any entity-designated funds.

To satisfy its long-term return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The endowment assets are commingled with non-endowment assets in the Foundation's long-term investments. See Note 6 for further details related to investments.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022 AND 2021**NOTE 16 – NET ASSETS (CONTINUED)**

Following is a schedule of the components of the endowment funds at June 30, 2022 and 2021:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
As of June 30, 2022:			
Donor-restricted general endowment	\$ -	\$ 174,118	\$ 174,118
Donor-restricted Tulip Grove endowment	-	45,000	45,000
Board-designated general endowment	92,775	-	92,775
Total	<u>\$ 92,775</u>	<u>\$ 219,118</u>	<u>\$ 311,893</u>

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
As of June 30, 2021:			
Donor-restricted general endowment	\$ -	\$ 71,968	\$ 71,968
Donor-restricted Tulip Grove endowment	-	45,000	45,000
Board-designated general endowment	92,775	-	92,775
Total	<u>\$ 92,775</u>	<u>\$ 116,968</u>	<u>\$ 209,743</u>

Following is a schedule of the activity of the endowment funds for the years ended June 30, 2022 and 2021:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 92,775	\$ 115,318	\$ 208,093
Contributions	-	1,650	1,650
Endowment net assets, June 30, 2021	92,775	116,968	209,743
Contributions	-	102,150	102,150
Endowment net assets, June 30, 2022	<u>\$ 92,775</u>	<u>\$ 219,118</u>	<u>\$ 311,893</u>

NOTE 17 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses which are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. The allocated expenses include salaries, employee benefits and payroll taxes, which are allocated on the basis of estimates of time and effort; telephone, computer hardware, office equipment, software maintenance and insurance, which are allocated based on departmental payroll percentages, and depreciation which is allocated based on the department location of the asset.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Grant expenditures are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements to the grantors would not be significant. Accordingly, no provision has been made for potential reimbursements.

The Foundation leases three houses to individuals under arrangements requiring monthly payments to the Foundation between \$250 and \$300 on a month-to-month basis.

The Foundation provides part of its land to the Rotary Club of Donelson ("Club") for use as a youth baseball park, generally at no cost to the Club. However, the Club assesses a \$5 fee per athlete payable to the Foundation. The agreement expires December 31, 2023.

The Foundation has entered into a lease agreement with an outside party to cultivate the land through December 31, 2022. Income earned related to this lease was \$32,770 and \$15,500 for the years ended June 30, 2022 and 2021, respectively.

The Foundation has a contract extending to February 29, 2024 with an organization to provide horse-drawn wagon tours. Under this contract, the Foundation will receive 35% of the gross revenue from ticket and special event sales. Revenue recognized under the contract totaled \$52,256 and \$9,176 for the years ended June 30, 2022 and 2021, respectively.

The Foundation had a contract with an organization to provide food services onsite. Under this contract, the Foundation received 33% of net food service revenues collected. The contract ended in 2022. Revenue recognized under the contract totaled \$19,771 and \$581 for the years ended June 30, 2022 and 2021, respectively.

The Foundation entered into a lease agreement in 2020 with an outside party for wine tasting and lite dining. The agreement and addendum provides for the Foundation to receive monthly rent of \$850 plus 7% of total monthly sales. The agreement ends May 2023. Revenue recognized under the contract totaled \$34,850 and \$17,730 for the years ended June 30, 2022 and 2021, respectively. Future rents expected under the agreement is \$9,350 for 2023.

In 1964, the Foundation was granted a warranty deed to the Tulip Grove property. The terms of the warranty deed require the Foundation to make annual payments based on one-third of the annual admission income from visitors to the Tulip Grove with a minimum payment of \$1,200 annually for a period of ninety-nine years. Title to the property reverts to the grantor if the Foundation fails to make such payments. During 2017, the Foundation agreed to pay \$105,000 to extinguish one of the heirs' claims for future payments under the warranty deed. This payment does not affect the ongoing contractual obligation to the remaining heir.

MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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
Andrew Jackson Foundation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Andrew Jackson Foundation (a Tennessee nonprofit corporation), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Andrew Jackson Foundation's internal control over financial reporting ("internal control") to determine the 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 Andrew Jackson Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Andrew Jackson 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Andrew Jackson 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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
January 27, 2023