

**ANDREW JACKSON
FOUNDATION**

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2019 and 2018

ANDREW JACKSON FOUNDATION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Andrew Jackson Foundation:

Report on the Financial Statements

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, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Andrew Jackson Foundation as of June 30, 2019 and 2018, 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.

Other Matters

Supplementary and Other 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 and state financial assistance, as required by the State of Tennessee Audit Manual issued by the Comptroller of the State of Tennessee, 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 information 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 17, 2019, 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 + Mayes, PLLC

Brentwood, Tennessee
October 17, 2019

ANDREW JACKSON FOUNDATION**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,108,422	\$ 291,429
Accounts receivable	42,283	43,958
Grants receivable	148,204	429,965
Promises to give, net	1,325,851	597,000
Inventories	221,432	218,185
Prepaid expenses	25,442	12,604
Collections, property and equipment, net	7,139,575	6,692,926
Construction-in-progress	13,000	683,107
Investments	571,948	526,066
Beneficial interest in charitable remainder trust	113,229	106,457
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 10,709,386</u>	<u>\$ 9,601,697</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and other accrued liabilities	\$ 315,234	\$ 311,960
Employees' compensation payable	205,222	187,521
Unrelated business income tax payable	9,972	5,743
Note payable	61,674	-
Total liabilities	<u>592,102</u>	<u>505,224</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	456,613	791,522
Board designated	<u>7,304,618</u>	<u>7,415,227</u>
Total net assets without donor restrictions	<u>7,761,231</u>	<u>8,206,749</u>
With donor restrictions	<u>2,356,053</u>	<u>889,724</u>
Total net assets	<u>10,117,284</u>	<u>9,096,473</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,709,386</u>	<u>\$ 9,601,697</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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Admissions	\$ 3,316,062	\$ -	\$ 3,316,062
Museum store	841,318	-	841,318
Contributions	807,628	1,616,104	2,423,732
Café and concessions	15,839	-	15,839
Government grants	263,381	-	263,381
Programs and education	121,129	-	121,129
Miscellaneous income	75,460	-	75,460
After-hours events	164,793	-	164,793
Memberships	27,425	-	27,425
Insurance proceeds	206,740	-	206,740
Gain on sale of equipment	7,500	-	7,500
Change in value of charitable remainder trust	-	6,772	6,772
Net investment return	48,576	-	48,576
Total	5,895,851	1,622,876	7,518,727
Net assets released from restrictions	156,547	(156,547)	-
Total revenues, gains and other support	6,052,398	1,466,329	7,518,727
EXPENSES:			
Program services	5,430,718	-	5,430,718
Fundraising	614,214	-	614,214
Management and general	452,984	-	452,984
Total expenses	6,497,916	-	6,497,916
CHANGES IN NET ASSETS	(445,518)	1,466,329	1,020,811
NET ASSETS:			
Beginning of year	8,206,749	889,724	9,096,473
End of year	\$ 7,761,231	\$ 2,356,053	\$ 10,117,284

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Admissions	\$ 3,395,528	\$ -	\$ 3,395,528
Museum store	844,396	-	844,396
Contributions	930,706	619,755	1,550,461
Café and concessions	25,292	-	25,292
Government grants	968,716	-	968,716
Programs and education	140,111	-	140,111
Miscellaneous	66,251	-	66,251
After-hours events	209,602	-	209,602
Memberships	23,770	-	23,770
Change in value of charitable remainder trust	-	(19,709)	(19,709)
Net investment return	36,741	-	36,741
Total	6,641,113	600,046	7,241,159
Net assets released from restrictions	51,818	(51,818)	-
Total revenues, gains and other support	6,692,931	548,228	7,241,159
EXPENSES:			
Program services	4,847,273	-	4,847,273
Fundraising	689,249	-	689,249
Management and general	625,150	-	625,150
Total expenses	6,161,672	-	6,161,672
CHANGES IN NET ASSETS	531,259	548,228	1,079,487
NET ASSETS:			
Beginning of year	7,675,490	341,496	8,016,986
End of year	\$ 8,206,749	\$ 889,724	\$ 9,096,473

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

ANDREW JACKSON FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,020,811	\$ 1,079,487
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	594,688	582,857
Net unrealized and realized gains on investments	(32,132)	(21,740)
Gain on disposal of asset	(7,500)	-
Grant receipts for restoration and renovation projects	(135,946)	(771,406)
Net changes in other operating assets and liabilities:		
Accounts receivable, grants receivable and promises to give	(445,415)	(852,007)
Inventories	(3,247)	(10,060)
Prepaid expenses	(12,838)	37,466
Beneficial interest in charitable remainder trust	(6,772)	19,709
Accounts payable and accrued liabilities	25,204	145,254
Net cash provided by operating activities	<u>996,853</u>	<u>209,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of collections, property and equipment	(350,730)	(282,678)
Construction-in-progress purchases	(13,000)	(670,678)
Purchases of investments	(167,492)	(43,186)
Proceeds from sales of investments	153,742	34,536
Net cash used in investing activities	<u>(377,480)</u>	<u>(962,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on note payable	61,674	-
Grant receipts for restoration and renovation projects	135,946	771,406
Net cash provided by financing activities	<u>197,620</u>	<u>771,406</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	816,993	18,960
CASH AND CASH EQUIVALENTS, BEGINNING	<u>291,429</u>	<u>272,469</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,108,422</u></u>	<u><u>\$ 291,429</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Unrelated business income taxes paid during the year	\$ 11,843	\$ 2,411

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

ANDREW JACKSON FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and employee benefits	\$ 2,553,686	\$ 368,910	\$ 329,819	\$ 3,252,415
Cost of sales	485,917	-	-	485,917
Professional fees	524,313	8,665	39,566	572,544
Marketing and advertising	310,985	7,510	5,090	323,585
Utilities	232,261	2,299	3,311	237,871
Fundraising event expenses	-	170,849	-	170,849
Supplies	96,202	15,804	20,602	132,608
Equipment	131,571	3,299	9,206	144,076
Audio royalties	135,606	-	-	135,606
Property maintenance	132,747	-	-	132,747
Preservation	8,167	-	-	8,167
Fees	81,974	600	3,698	86,272
Insurance expense	67,056	8,330	11,998	87,384
Travel	28,798	7,978	8,041	44,817
Printing	29,889	9,326	3,264	42,479
Postage	4,868	4,547	1,561	10,976
Dues and memberships	7,580	150	4,625	12,355
Miscellaneous	232	-	6,256	6,488
Total expenses before depreciation and unrelated business income tax	4,831,852	608,267	447,037	5,887,156
Depreciation	582,794	5,947	5,947	594,688
Unrelated business income tax	16,072	-	-	16,072
Total expenses	<u>\$ 5,430,718</u>	<u>\$ 614,214</u>	<u>\$ 452,984</u>	<u>\$ 6,497,916</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, 2018**

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and employee benefits	\$ 2,164,607	\$ 406,984	\$ 476,247	\$ 3,047,838
Cost of sales	466,754	-	-	466,754
Professional fees	280,191	38,775	63,834	382,800
Marketing and advertising	262,496	500	-	262,996
Utilities	207,404	2,226	2,672	212,302
Fundraising event expenses	-	177,449	-	177,449
Supplies	128,538	14,739	29,625	172,902
Equipment	129,351	10,868	7,711	147,930
Audio royalties	138,984	-	-	138,984
Property maintenance	126,081	-	-	126,081
Preservation	121,982	-	-	121,982
Fees	88,743	2,313	2,494	93,550
Insurance	61,856	9,703	11,717	83,276
Travel	39,295	5,570	4,866	49,731
Printing	31,024	6,600	1,475	39,099
Professional development	6,014	7,011	11,827	24,852
Postage	11,016	682	1,641	13,339
Dues and memberships	6,470	-	3,390	9,860
Miscellaneous	-	-	1,822	1,822
Total expenses before depreciation and unrelated business income tax	4,270,806	683,420	619,321	5,573,547
Depreciation	571,200	5,829	5,829	582,858
Unrelated business income tax	5,267	-	-	5,267
Total expenses	<u>\$ 4,847,273</u>	<u>\$ 689,249</u>	<u>\$ 625,150</u>	<u>\$ 6,161,672</u>

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

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

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, 2019, 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 2019 and 2018 in these financial statements refer to the years ended June 30, 2019 and 2018 unless otherwise noted.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

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 15 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, 2019 and 2018, 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, 2019 AND 2018

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, 2019, this discount rate was 5.75%. 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, 2019 and 2018, 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, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants

The Foundation receives grant revenue from government agencies. Grant revenue is recognized 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 \$34,818 and \$12,359 for June 30, 2019 and 2018, 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. During 2018, the Foundation recognized \$12,359 representing the discount for a purchased vehicle. There were no such donated assets in 2019.

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 \$16,072 and \$5,267 for 2019 and 2018, 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, 2019, the Foundation is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2016. 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 16 for further details related to the methods used to allocate expenses.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed when incurred. Advertising and promotion expense totaled \$302,110 and \$258,744 for the years ended June 30, 2019 and 2018, 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.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (the "ASU"). Bridges has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for certain liquidity disclosures, as allowed by the ASU. There were no reclassifications or restatements in the classes of net assets as a result of the adoption of the ASU.

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, 2019 and October 17, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements for consistency with the presentation for 2019. These reclassifications did not have a significant impact on the previously reported financial position, changes in net assets, and cash flows of the Foundation.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2019, consist of the following:

Cash and cash equivalents	\$ 1,108,422
Accounts receivable	42,283
Grants receivable	148,204
Promises to give	1,325,851
Investments	571,948
Beneficial interest in charitable remainder trust	113,229
Total financial assets	<u>\$ 3,309,937</u>
Less amounts not available to be used within one year:	
Promises to give	(882,230)
Beneficial interest in charitable remainder trust	(113,229)
Donor restricted endowment funds	(159,527)
Financial assets not available to be used within one year	<u>(1,154,986)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,154,951</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 \$400,000 line of credit available to meet cash flow needs. See Note 12 for further details related to this line of credit.

NOTE 4 – INVENTORIES

Inventories consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Museum store	\$ 246,432	\$ 243,185
Reserve for potential markdowns	(25,000)	(25,000)
Net inventories	<u>\$ 221,432</u>	<u>\$ 218,185</u>

The Foundation has established a reserve in the amount of \$25,000 at June 30, 2019 and 2018 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.

ANDREW JACKSON FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2019 AND 2018**NOTE 5 – PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 443,621	\$ 578,000
In one to five years	1,001,000	19,000
Gross promises to give	1,444,621	597,000
Less unamortized discount on promises to give	(118,770)	-
Promises to give, net	<u>\$ 1,325,851</u>	<u>\$ 597,000</u>

NOTE 6 – INVESTMENTS

The fair values of investments consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Corporate debt securities	\$ 123,447	\$ 90,211
Registered investment companies	222,926	212,443
Equity securities - common stocks	167,208	168,390
Alternative investments	58,367	55,022
Total investments	<u>\$ 571,948</u>	<u>\$ 526,066</u>

The net investment return consisted of the following for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 16,444	\$ 15,001
Net realized and unrealized gains	32,132	21,740
Total investment return	<u>\$ 48,576</u>	<u>\$ 36,741</u>

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 6 – LONG-TERM INVESTMENTS (CONTINUED)

The Foundation has established certain investment allocation guidelines for the Foundation's investment portfolio. The investment allocations at June 30, 2019 were as follows:

	Board Approved %	Actual %	Fair Values
Equity securities	45% - 65%	61.6%	\$ 390,134
Fixed income securities	35% - 55%	19.5%	123,447
Alternative investments	0%	9.2%	58,367
Total investments			<u>\$ 571,948</u>
Cash reserves	0% - 5%	9.7%	\$ 61,709

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

NOTE 7 – COLLECTIONS, PROPERTY AND EQUIPMENT

Collections, property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Depreciable assets:		
Museum properties	\$ 7,749,614	\$ 6,895,496
Residences	651,583	651,583
Other buildings	4,037,666	3,998,257
Equipment	1,474,854	1,369,574
Access road project	83,952	83,952
Other improvements	419,985	419,985
Total cost	<u>14,417,654</u>	<u>13,418,847</u>
Accumulated depreciation	<u>(9,045,472)</u>	<u>(8,491,235)</u>
Subtotal	5,372,182	4,927,612
Nondepreciable assets:		
Land	788,467	788,467
Collections acquired since June 1994	978,926	976,847
Net book value	<u>\$ 7,139,575</u>	<u>\$ 6,692,926</u>

NOTE 8 – CONSTRUCTION-IN-PROGRESS

Construction-in-progress at June 30, 2019 and 2018 consisted of costs related to the restoration of the Hermitage Mansion and other historic buildings on the property.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 9 – LEASES

Andrew Jackson Foundation has a lease agreement with an unrelated party to lease a copier. The agreement expires in 2020. Lease expense totaled \$6,792 for 2019 and 2018. During 2019, the Foundation entered into an agreement to lease another copier which was placed in service subsequent to year end. The lease qualifies as a capital lease.

Future minimum lease payments under the terms of this capital lease as of June 30, 2019 are as follows:

Fiscal years ending June 30:	
2020	\$ 3,980
2021	4,776
2022	4,776
2023	4,776
2024	796
Total payments	19,104
Less amount representing interest	(2,980)
Less amount representing maintenance costs	(4,776)
Present value of minimum lease payments	<u>\$ 11,348</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 \$113,229 and \$106,457 represents the Foundation's share of the fair value of the trust principal at June 30, 2019 and 2018, 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.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The fair values of assets measured on a recurring basis at June 30, 2019 and 2018 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, 2019:			
Corporate debt securities and bond funds	\$ 123,447	\$ 123,447	\$ -
Registered investment companies	222,926	222,926	-
Equity securities - common stocks	167,208	167,208	-
Alternative investments	58,367	58,367	-
Beneficial interest in charitable remainder trust	113,229	-	113,229
Total	\$ 685,177	\$ 571,948	\$ 113,229
At June 30, 2018:			
Corporate debt securities	\$ 90,211	\$ 90,211	\$ -
Registered investment companies	212,443	212,443	-
Equity securities - common stocks	168,390	168,390	-
Alternative investments	55,022	55,022	-
Beneficial interest in charitable remainder trust	106,457	-	106,457
Total	\$ 632,523	\$ 526,066	\$ 106,457

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.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

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 1.87% and 2.25% for 2019 and 2018, respectively.

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 106,457	\$ 126,166
Change in value of beneficial interest in charitable remainder trust	<u>6,772</u>	<u>(19,709)</u>
Balance at end of year	<u>\$ 113,229</u>	<u>\$ 106,457</u>

NOTE 12 – LINE OF CREDIT

The Foundation has a revolving line of credit agreement (“agreement”) with a financial institution. The agreement matures on December 20, 2020. Maximum borrowings available under the agreement are \$400,000. There were no outstanding line of credit advances at June 30, 2019 and 2018.

Interest is payable monthly at an annual interest rate equal to the index rate as established by the lender plus 0.5%, or 5.75% at June 30, 2019 (5.5% at June 30, 2018). 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Note payable to finance company, non-interest bearing, payable in monthly installments of \$1,045	\$ 61,674	\$ -
Current portion	<u>(12,544)</u>	<u>-</u>
Long-term portion	<u>\$ 49,130</u>	<u>\$ -</u>

The note payable is collateralized by certain equipment.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 13 – NOTE PAYABLE (CONTINUED)

Future principal maturities of notes payable at June 30, 2019 is as follows:

Fiscal years ending June 30,:	
2020	\$ 12,544
2021	12,544
2022	12,544
2023	12,544
2024	11,498
Total	<u>\$ 61,674</u>

NOTE 14 – 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 \$65,165 and \$64,622 for 2019 and 2018, respectively.

NOTE 15 – NET ASSETS

Net assets without donor restrictions include amounts designated by the Board. Board designated net assets consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Historic properties in trust for the people of the State of Tennessee	\$ 7,120,744	\$ 7,343,815
Bequest for future needs	91,099	26,912
Endowment	92,775	44,500
Total board designated net assets	<u>\$ 7,304,618</u>	<u>\$ 7,415,227</u>

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 15 – NET ASSETS (CONTINUED)

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specified purpose:		
Beneficial interest in charitable remainder trust	\$ 113,229	\$ 106,457
Capital campaign	1,994,581	520,000
Orientation film and theatre	30,116	36,300
Site plan	-	35,000
Rachel's Garden	20,900	14,793
Rachel's Garden brick fund	19,579	19,542
Special event sponsorships	22,115	17,194
Property restoration	20,575	16,217
Building improvements	-	6,500
Education	15,737	-
Miscellaneous	4,194	2,694
Endowments:		
General endowment	70,027	70,027
Tulip Grove endowment	45,000	45,000
Net assets with donor restrictions	<u>\$ 2,356,053</u>	<u>\$ 889,724</u>

During 2019 and 2018, net assets with donor restrictions of \$169,547 and \$51,818, respectively, were released from donor restrictions by incurring expenses satisfying the restrictions.

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. 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.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 15 – NET ASSETS (CONTINUED)

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, 2019 and 2018.

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.

Following is a schedule of the components of the endowment funds at June 30, 2019 and 2018:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
As of June 30, 2019:			
Donor-restricted general endowment	\$ -	\$ 70,027	\$ 70,027
Donor-restricted Tulip Grove endowment	-	45,000	45,000
Board-designated general endowment	92,775	-	92,775
Total	<u>\$ 92,775</u>	<u>\$ 115,027</u>	<u>\$ 207,802</u>

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 15 – NET ASSETS (CONTINUED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
As of June 30, 2018:			
Donor-restricted general endowment	\$ -	\$ 70,027	\$ 70,027
Donor-restricted Tulip Grove endowment	-	45,000	45,000
Board-designated general endowment	44,500	-	44,500
Total	<u>\$ 44,500</u>	<u>\$ 115,027</u>	<u>\$ 159,527</u>

Following is a schedule of the activity of the endowment funds for the years ended June 30, 2019 and 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2017	\$ -	\$ 90,027	\$ 90,027
Contributions	44,500	25,000	69,500
Endowment net assets, June 30, 2018	44,500	115,027	159,527
Contributions	48,275	-	48,275
Endowment net assets, June 30, 2019	<u>\$ 92,775</u>	<u>\$ 115,027</u>	<u>\$ 207,802</u>

NOTE 16 – 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.

NOTE 17 – 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.

ANDREW JACKSON FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 17- COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2020.

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 \$31,000 each for the years ended June 30, 2019 and 2018, respectively.

The Foundation has a contract extending to December 31, 2021 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 \$62,041 and \$42,694 for the years ended June 30, 2019 and 2018, respectively.

The Foundation has a contract with an organization to provide food services onsite. Under this contract, the Foundation will receive 33% of net food service revenues collected. The contract expired in May 2017 and may be renewed for successive two-year periods unless terminated by either party. The renewal options have been exercised. Revenue recognized under the contract totaled \$9,269 and \$11,971 for the years ended June 30, 2019 and 2018, respectively.

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 2007, the Foundation was named as the defendant in a lawsuit claiming that the Tulip Grove property should revert to the grantor. The lawsuit asserted that the Foundation had not made proper payments. On October 19, 2012, the Court of Appeals issued its ruling, affirming the Chancery Court's ruling that the decision of the Foundation to no longer make Tulip Grove House available to public general admission tours in 2001 was not a breach of the warranty deed, and therefore, the property should not revert to the grantor. Additionally, the appellate court ruled that the rentals from special events held at Tulip Grove House were to be considered part of "gate receipts" for purposes of calculating the amount due under the warranty deed. Based on its reading of the appellate court's decision, the Foundation made payments to the plaintiffs based on net revenues. Subsequently, the Court of Appeals ruled that the heirs were entitled to payments based on gross revenues. An agreement was reached that the amount owed was \$37,314 through June 20, 2016. Of this amount, \$21,470 had been previously deposited with the Court Clerk. The remaining amount was paid with the finalization of the lawsuit. During 2017, the Foundation agreed to pay \$105,000 to extinguish one of the heirs' claims for future payments under the warranty deed, and an Agreed Order dismissing the lawsuit has been signed by the Chancellor. This settlement does not affect the ongoing contractual obligation to the remaining heir.

ANDREW JACKSON FOUNDATION**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Grant/Contract Number	Passed Through to Subrecipients	Expenditures
<u>Federal Awards</u>					
Pass-through Funding:					
Institute of Museum and Library Services	Museums for America Grant	45.301	MA-10-16-0382-16	\$ -	\$ 2,435
<u>State Financial Assistance</u>					
Tennessee Department of General Services		N/A	529/000-03-2013	-	86,031
Tennessee Department of General Services		N/A	460/000-05-2017	-	49,915
Total State Financial Assistance				-	135,946
Total Federal Awards and State Financial Assistance				\$ -	138,381
Memo Item - Local Government Financial Assistance					125,000
Total Government Grants Reported in the Statement of Activities					\$ 263,381

Note - Basis of Presentation: The above Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Andrew Jackson Foundation under programs of the federal and state governments for the year ended June 30, 2019. The schedule is presented using the accrual basis of accounting.

ADDITIONAL INFORMATION

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
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, 2019 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 October 17, 2019.

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
October 17, 2019