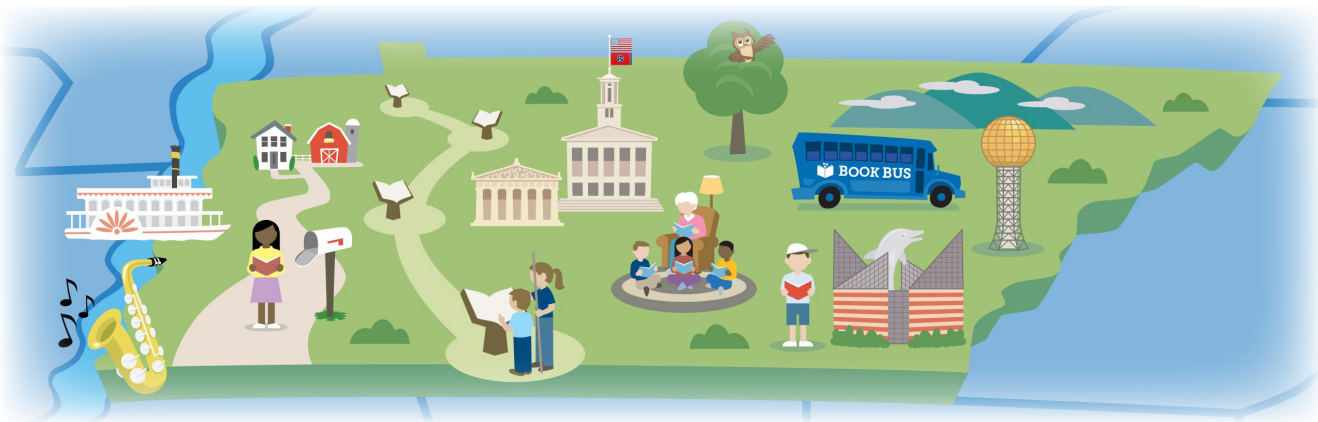




Governor's Early Literacy Foundation

Results of the 2020 Audit

December 15, 2020



CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS





December 15, 2020

To the Board of Directors
Governor's Early Literacy Foundation
Nashville, Tennessee

Dear Directors:

Thank you for the opportunity to continue to serve as your independent auditors and business advisors. We are pleased to provide our report on the results of the 2020 financial statement audit of Governor's Early Literacy Foundation (the "Foundation").

A direct line of communication between our Firm and those charged with governance is essential to the proper exercise of our respective responsibilities. The accompanying report is intended solely for the use of the Board of Directors and management and presents information regarding the audit and certain other information which we believe will be of assistance to you. We appreciate this opportunity to communicate the contents of this report with you. If you have any questions, please call me or Konnor Amis, Audit Supervisor, at (615) 320-5500.

We would like to take this opportunity to express our appreciation for the assistance and courtesy extended to us by your employees. We appreciate working with you, and we look forward to a continued relationship with the Foundation.

Very truly yours,

A handwritten signature in black ink that reads "Erica D. Saeger". The signature is written in a cursive, flowing style.

Erica D. Saeger
Audit Principal



Report on Results of the June 30, 2020 Audit

Crosslin has completed our audit of the financial statements of the Foundation as of and for the year ended June 30, 2020, and have issued our unmodified report thereon.

The State of Tennessee has oversight responsibility and approved our audit engagement through the Comptroller of the Treasury's standard Contract to Audit Accounts. The Foundation will meet the State financial reporting deadline.

The following discussion contains information related to the audit that is required by professional standards, and certain other information which we hope will be of assistance to you.

Independence

Our professional standards require that we communicate at least annually with you regarding all relationships between Crosslin ("Crosslin") and the Foundation that, in our professional judgment, may reasonably be thought to bear on our independence.

We are not aware of any relationships between Crosslin and the Foundation that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred during the period from July 1, 2019 through the date of this letter.

We confirm that as of December 15, 2020, we are independent accountants with respect to the Organization performance of all of our services, within the requirements of both the American Institute of Certified Public Accountants and *Government Auditing Standards*.

Engagement Personnel

The following is the service team for 2020:

David Hunt
Erica Saeger
Konnor Amis
Mark England

Concurring Principal
Audit Principal
Audit Supervisor
Audit Advanced Staff



Our Responsibilities Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements of the governmental activities, and the major fund are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly we express no such opinion on internal controls.

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Accordingly we express no such opinion on internal compliance.

Planned Scope and Timing of the Audits

We performed the audit according to the planned scope and timing previously communicated to management during our planning procedures.

Significant Accounting Estimates

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

- Fair value of investments
- The collection of receivables
- Reasonableness of the net pension asset and related deferred outflows and inflows of resources
- Allocation of expenses to functional/program activities for financial reporting

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.



Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. We noted no matters that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Based on our review, we believe that the Foundation's significant accounting policies are appropriate and comprehensive.

Alternative Accounting Treatments

We had no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices related to material items including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies.

Management Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audits

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



Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested that management provide certain written representations that are included in the management representation letter included in Appendix A.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on an organization's financial reporting process (that is, cause future financial statements to be materially misstated).

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has reviewed all such proposed adjustments based on authoritative literature and has corrected all such misstatements. Detail of the audit adjustments are included in Appendix B. There were no passed adjustments for fiscal year 2020.

Financial Statement Areas of Audit Emphasis

- Cash and cash equivalents and investments
- Receivables
- Accounts payable and accrued expenses
- Pension assets and disclosures
- Classification of net position and fund balance under GASB Statements 34 and 54.
- Operating revenues, including recognition for contributions, governmental grants, and County reimbursements
- Salaries and benefits, books and mailing expense, other operating expenses
- Financial statement disclosures



Recent Accounting Pronouncements

The government and standard-setting bodies are issuing guidance at an unprecedented pace. Crosslin, PLLC is constantly receiving, reviewing, and searching for the latest authoritative literature, in part through its involvement with the AICPA's Government Audit Quality Center and the Government Finance Officers Association ("GFOA"). We routinely interface with our customers to ensure proper understanding and application of pronouncements, standards, interpretations, and addenda that arise. In addition, we expect to join the Foundation personnel in relevant discussions to implement all new standards as they arise.

- **GASB Statement No. 84, Fiduciary Activities** Effective Date: The requirements of this Statement are effective for fiscal periods beginning after December 15, 2019. Earlier application is encouraged.
- **GASB Statement No. 87, Leases** Effective Date: The requirements of this Statement are effective for fiscal periods beginning after June 15, 2021. Earlier application is encouraged.
- **GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period** Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.
- **GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61** Effective Date: The requirements of this Statement are effective for reporting beginning after December 15, 2019. Earlier application is encouraged.
- **GASB Statement No. 91, Conduit Debt Obligations** Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.
- **The GASB issued Statement No. 92, Omnibus 2020**, which is effective as follows:
 - The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.



Recent Accounting Pronouncements (Continued)

- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.
- **GASB Statement No. 93, Replacement of Interbank Offered Rates** Effective Date: The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.
- **GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements** Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- **GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** Effective Date: The requirements of this Statement are effective immediately.
- **GASB Statement No. 96, Subscription-Based Information Technology Arrangements** Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.



Recent Accounting Pronouncements (Continued)

- **GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32** Effective Date: The requirements of this Statement are effective as follows:
 - The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately.
 - Paragraphs 6–9 of this Statement and the supersession of the remaining requirements of Statement 32 (as detailed in paragraph 3 of this Statement).
 - All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.



GOVERNOR'S
EARLY LITERACY
FOUNDATION

November 24, 2020

Crosslin, PLLC
The Astoria
3803 Bedford Avenue, Suite 103
Nashville, TN 37215

This representation letter is provided in connection with your audit of the financial statements of Governor's Early Literacy Foundation (the "Foundation"), which comprise the respective financial position of the governmental activities and the major fund as of June 30, 2020, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 4, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the Foundation is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of financial assistance.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have discussed with you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Foundation has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including legal and contractual provisions for reporting specific activities in separate funds.

- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of financial assistance.
- 28) The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Foundation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We confirm that there are no component units or joint ventures with an equity interest which should be included in the financial statements or disclosed in the notes thereto.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 and 54, where applicable.

- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 42) We have appropriately disclosed the Foundation's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to

you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

45) With respect to the Schedule of financial assistance:

- a) We acknowledge our responsibility for presenting the Schedule of financial assistance in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of financial assistance, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of financial assistance has not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the Schedule of financial assistance is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

GOVERNOR'S EARLY LITERACY FOUNDATION



Dean Dorsey Hoskins
Vice President



James Pond
President

Governor's Books from Birth Foundation

Year End: June 30, 2020

Adjusting Journal Entries

Date: 7/1/2019 To 6/30/2020

Number	Date	Type	Name	Account No	Reference	Debit	Credit
1	6/30/2020	R	Unrestricted Net Assets	30000	211	7,247.00	
1	6/30/2020	R	Temporarily Restricted Net Assets	31000	211		(7,247.00)
1	6/30/2020	R	Assistance from General Donations	57100	211	7,247.00	
1	6/30/2020	R	Assistance Grants to Counties	58000	211		(7,247.00)
CRJE #1 - To adjust overcommitment for Dollar General during FY20. Assistance provided by general donations							
2	6/30/2020	N	Net Pension Asset	19100	H-2		(1,088.00)
2	6/30/2020	N	Deferred Outflows Related to Pension	19200	H-2	21,968.00	
2	6/30/2020	N	Deferred Inflows Related to Pension	29200	H-2		(690.00)
2	6/30/2020	N	Retirement Expense	61400	H-2		(20,190.00)
2	6/30/2020	N	Miscellaneous Expense	67500	H-2		
To record GASB 68 entries for FY20.							
3	6/30/2020	N	Contributions - Corporate Restricted	42100	10-3	25,000.00	
3	6/30/2020	N	DIR - Contributions for a Future Period	29200CA	10-3		(25,000.00)
To record the Maddox Pledge with grant period of FY21 as deferred inflows of resources as it related to contributions to be used for a future period (FY 2021).							
4	6/30/2020	R	Unrestricted Net Assets	30000	WW-1		(1,088.00)
4	6/30/2020	R	Temporarily Restricted Net Assets	31000	WW-1	1,088.00	
To reclassify unrestricted and restricted net position for net pension asset changes and to record an immaterial entry to get net position to roll.							
						62,550.00	(62,550.00)

