MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC. d/b/a SISKIN CHILDREN'S INSTITUTE

FINANCIAL REPORT

JUNE 30, 2018

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MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

ROSTER OF THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT OFFICIALS
June 30, 2018

BOARD OF DIRECTORS

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Vice Chairperson

Dr. Edna Varner

Treasurer

Greg Eaves

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Greg Eaves	Matt Rivers	Robert Snetman
Dr. Andrea Goins	Eddie Russell	Rachael Welch

MANAGEMENT OFFICIALS

Interim President

Dr. Deborah Arfken

Chief Operating Officer

Jeaninne Houck

MAULDIN & JENKINS

Independent Auditor's Report

To the Board of Directors
Mose and Garrison Siskin Memorial Foundation, Inc.
d/b/a Siskin Children's Institute
Chattanooga, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Mose and Garrison Siskin Memorial Foundation, Inc. d/b/a Siskin Children's Institute (the Foundation, a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows 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.

Auditor's 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 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 Foundation'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 Foundation'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.

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mose and Garrison Siskin Memorial Foundation, Inc. d/b/a Siskin Children's Institute as of June 30, 2018 and 2017, 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 Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Tennessee Department of Audit, *Audit Manual*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the schedules of functional expenses on pages 21 and 22 are presented for purposes of additional analysis and are 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 audits 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 December 14, 2018, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 14, 2018

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,266,309	$ 862,566
Accounts receivable, less allowance for doubtful accounts of $28,351 in 2018 and 2017	75,392	55,016
Grants receivable	182,280	332,674
Contributions receivable	61,300	333,866
Contributions receivable from split-interest agreements	51,600	55,300
Investments	49,611,235	47,268,739
Cash surrender value of life insurance	149,779	121,138
Insurance annuities	987,700	979,200
Property and equipment, net	6,505,648	6,805,452
Prepaid expenses and other assets	26,543	22,350
Religious antiquities	95,496	95,496
Total assets	$ 59,013,282	$ 56,931,797
LIABILITIES		
Accounts payable and accrued expenses	$ 599,699	$ 467,242
Deferred income	30,050	14,928
Total liabilities	629,749	482,170
NET ASSETS		
Unrestricted	58,124,550	55,931,256
Temporarily restricted	171,548	430,936
Permanently restricted	87,435	87,435
Total net assets	58,383,533	56,449,627
Total liabilities and net assets	$ 59,013,282	$ 56,931,797

The Notes to Financial Statements are an integral part of these statements.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Program service revenue:				
Early Learning Centers	$ 1,633,930	$ -	$ -	$ 1,633,930
Center for Developmental Pediatrics	150,000	-	-	150,000
Child and Family Research Center	9,250	-	-	9,250
Patient services	997,595	-	-	997,595
Total program service revenue	2,790,775	-	-	2,790,775
Other support:				
Contributions	323,145	66,879	-	390,024
Grants	1,086,290	-	-	1,086,290
Special events	549,620	-	-	549,620
Changes in values of insurance annuities and split-interest agreements	8,500	(3,700)	-	4,800
Investment return	4,720,375	-	-	4,720,375
Miscellaneous income	60,042	-	-	60,042
Net assets released from restrictions	322,567	(322,567)	-	-
Total revenue and other support	9,861,314	(259,388)	-	9,601,926
Expenses:				
Program services:				
Early Learning Centers	2,775,843	-	-	2,775,843
Center for Developmental Pediatrics	1,762,329	-	-	1,762,329
Child and Family Research Center	1,003,972	-	-	1,003,972
Total program expenses	5,542,144	-	-	5,542,144
Supporting services:				
Administration and development	1,329,959	-	-	1,329,959
Fundraising	795,917	-	-	795,917
Total supporting services	2,125,876	-	-	2,125,876
Total expenses	7,668,020	-	-	7,668,020
Increase (decrease) in net assets	2,193,294	(259,388)	-	1,933,906
Net assets, beginning of year	55,931,256	430,936	87,435	56,449,627
Net assets, end of year	$ 58,124,550	$ 171,548	$ 87,435	$ 58,383,533

The Notes to Financial Statements are an integral part of this statement.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Program service revenue:				
Early Learning Centers	$ 1,748,221	$ -	$ -	$ 1,748,221
Center for Developmental Pediatrics	150,000	-	-	150,000
Child and Family Research Center	14,080	-	-	14,080
Patient services	1,202,172	-	-	1,202,172
Total program service revenue	3,114,473	-	-	3,114,473
Other support:				
Contributions	385,972	393,866	-	779,838
Grants	992,656	-	-	992,656
Special events	606,227	-	-	606,227
Changes in values of insurance annuities and split-interest agreements	(74,600)	200	-	(74,400)
Investment return	6,168,365	-	-	6,168,365
Miscellaneous income	83,951	-	-	83,951
Net assets released from restrictions	59,867	(59,867)	-	-
Total revenue and other support	11,336,911	334,199	-	11,671,110
Expenses:				
Program services:				
Early Learning Centers	2,745,652	-	-	2,745,652
Center for Developmental Pediatrics	2,069,071	-	-	2,069,071
Child and Family Research Center	943,948	-	-	943,948
Total program expenses	5,758,671	-	-	5,758,671
Supporting services:				
Administration and development	1,055,709	-	-	1,055,709
Fundraising	866,025	-	-	866,025
Total supporting services	1,921,734	-	-	1,921,734
Total expenses	7,680,405	-	-	7,680,405
Increase in net assets	3,656,506	334,199	-	3,990,705
Net assets, beginning of year	52,274,750	96,737	87,435	52,458,922
Net assets, end of year	$ 55,931,256	$ 430,936	$ 87,435	$ 56,449,627

The Notes to Financial Statements are an integral part of this statement.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a/ SISKIN CHILDREN'S INSTITUTE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,933,906	$ 3,990,705
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	299,804	326,789
Increase in cash surrender value of life insurance	(28,641)	(9,563)
Change in value of insurance annuities and split-interest agreements	(4,800)	74,400
Net realized and unrealized gains on investments	(3,972,885)	(5,602,437)
Change in operating assets and liabilities:		
Accounts receivable	(20,376)	39,082
Due from limited partnerships	-	500,000
Grants receivable	150,394	(173,070)
Contributions receivable	272,566	(291,855)
Prepaid expenses and other assets	(4,193)	107,413
Accounts payable and accrued expenses	132,457	(48,218)
Deferred income	15,122	(3,185)
Net cash used in operating activities	(1,226,646)	(1,089,939)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(60,930)
Purchases of investments	(580,298)	(2,313,607)
Proceeds from sales of investments	2,210,687	2,930,878
Net cash provided by investing activities	1,630,389	556,341
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	403,743	(533,598)
CASH AND CASH EQUIVALENTS, beginning of year	862,566	1,396,164
CASH AND CASH EQUIVALENTS, end of year	$ 1,266,309	$ 862,566

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Mose and Garrison Siskin Memorial Foundation, Inc. d/b/a Siskin Children's Institute (the Foundation) conform with United States generally accepted accounting principles (GAAP). The Financial Accounting Standards Board (FASB) has adopted the FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental GAAP.

The policies that materially affect financial position and results of operations are summarized as follows:

Foundation:

The Foundation was incorporated in Tennessee in 1977 as a nonprofit corporation. The Foundation provides educational and developmental services to children who are disabled and other services as authorized in its charter.

Revenue recognition:

The Foundation recognizes revenues on cost reimbursement grants as qualifying expenses are incurred. The Foundation recognizes revenues on fee for service grants at the time the service is rendered to the patient. Federal and state grant funds received as advances are recorded as deferred revenue in the Foundation's statements of financial position.

Fees for patient services are reported based upon established billing rates less allowances for contractual adjustments and bad debts. Payment of these fees is the responsibility of patients, third-party payors, and others. The Foundation has agreements with third-party payors that provide for payments at amounts that may be different from its established rates.

Contributions:

Contributions are recognized 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on historical experience and management's analysis of specific promises made. Because the majority of the contributors reside in and around Chattanooga, Tennessee, collection of these receivables is substantially dependent upon the economic stability of the Chattanooga area.

Note 1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents:

The Foundation considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an adjustment to a valuation allowance based on its assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental health care coverage, and other collection indicators. Management's assessment is based primarily on a detailed review of historical collections at the Foundation's facilities. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments:

Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Fair values of marketable securities with readily determinable fair values are based on quoted market prices. Fair values of nontraditional investments are based on information provided by the administrators of the underlying funds. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Concentrations of credit risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash equivalents. The Foundation places its cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. From time to time, the Foundation's cash balances exceed federal depository insurance coverage and management considers this to be a normal business risk. The Foundation has not experienced any losses on its cash equivalents.

Property and equipment:

Property and equipment are depreciated over the estimated useful lives of the respective classes of assets using the straight-line method of depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Additions and improvements that significantly extend the lives of assets are capitalized at cost.

Note 1. Summary of Significant Accounting Policies (continued)

Contributed merchandise and services:

Contributed merchandise and services are recognized as contributions at their estimated fair value at the date of receipt. The Foundation receives merchandise and advertising services for various fundraising and special events. Contributed merchandise and services recognized as revenue totaled $127,274 and $187,902 for the years ended June 30, 2018 and 2017, with a like amount recognized as fundraising expenses.

Functional expenses:

The costs of providing various programs and other activities for the Foundation have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income.

The Foundation accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740, *Income Taxes*. The Foundation follows the accounting guidance for recognizing and measuring uncertain tax positions. The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's non-taxable status would not have a material effect on the Foundation's financial statements. The Foundation is no longer subject to tax examinations by tax authorities for years before 2015.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (continued)

Cash surrender value of life insurance:

The Foundation has been named beneficiary and is the owner of various life insurance policies. The Board of Directors has adopted a policy of borrowing against these policies and investing the proceeds. At June 30, 2018 and 2017, borrowings against these policies totaled $26,440.

Advertising costs:

The Foundation expenses all advertising costs as incurred. Advertising costs were $45,549 and $32,282 for the years ended June 20, 2018 and 2017.

Religious antiquities:

The Foundation maintains for public display a collection of religious antiquities. The collection is recorded at cost.

Subsequent events:

The Foundation has evaluated all transactions, events, and circumstances for consideration or disclosure through December 14, 2018, the date these financial statements were available to be issued, and has reflected or disclosed those items within financial statements and related footnotes as deemed appropriate.

Recently issued accounting standards:

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Per Share (or its equivalent), which exempts investments measured using the net asset value (NAV) as a practical expedient in ASC 820, Fair Value Measurements, from categorization within the fair value hierarchy. The guidance requires retrospective application and is effective for the Foundation for fiscal years beginning after December 15, 2016. Management adopted the provisions of this new standard effective July 1, 2017. Accordingly, the amendment was retrospectively applied and had no impact on total net assets or changes in net assets

Note 2. Investments

A summary of investments at June 30, 2018 and 2017 is as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Common stocks	$ 3,488,326	$ 4,948,668	$ 3,255,067	$ 4,462,840
Mutual funds	8,692,224	8,792,876	5,001,292	4,750,259
Limited partnerships	18,163,900	35,869,691	20,512,867	38,055,640
Total	$30,344,450	$49,611,235	$28,769,226	$47,268,739

Investments recorded at $35,869,691 and $38,055,640 at June 30, 2018 and 2017, respectively, are based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. These investments include limited partnerships. Management estimates the fair values of these investments based on a review of all available information provided by administrators of the underlying funds. These fair value estimates are evaluated on a regular basis by management and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2018 and 2017:

	2018	2017
Dividends and interest	$ 856,433	$ 664,033
Life insurance and annuity income	241,550	222,014
Net realized and unrealized gains	3,972,885	5,602,437
Investment expenses	(350,493)	(320,119)
Total investment return	$4,720,375	$6,168,365

Note 3. Contributions Receivable

Contributions receivable were $61,300 and $333,866 at June 30, 2018 and 2017, respectively, and are due within one year. Management believes that all contributions receivable are fully collectible at June 30, 2018 and 2017, and therefore there are no allowances for uncollectible contributions receivable.

Note 4. Contributions Receivable From Split-Interest Agreement

The Foundation is the beneficiary of one charitable remainder trust for which any remaining assets will be distributed to the Foundation at the end of the trust's term. The value of the contribution receivable is recorded at the estimated future cash flows based on the life expectancy of the donor and using a discount rate of 2.88%. Changes in the estimated value of the split-interest agreement are included in the accompanying statements of activities and were ($3,700) and $200 for the years ended June 30, 2018 and 2017, respectively.

Note 5. Insurance Annuities

As part of a fixed-income investment strategy, the Foundation purchased single-premium income annuity contracts with a total cost of $1,750,000 for the lives of two individuals and life insurance policies on those same two individuals with face values of $1,750,000. Under the terms of the contracts, the Foundation is to receive income during the lives of the annuitants. The values of the annuities are recorded at the estimated future cash flows to be received by the Foundation based on the life expectancies of the annuitants and using a discount rate of 3.93% on the $750,000 contract and 7.80% on the $1,000,000 contract.

The Foundation recognized investment income on annuity contracts of $212,130 for the years ended June 30, 2018 and 2017, respectively. Changes in the estimated value of annuity contracts are included in the accompanying statements of activities and were of $8,500 and ($74,600) for the years ended June 30, 2018 and 2017, respectively.

Note 6. Property and Equipment

Property and equipment at June 30, 2018 and 2017, consists of the following:

	2018	2017
Land	$ 900,000	$ 900,000
Buildings and improvements	8,770,130	8,770,130
Equipment, furniture and fixtures	1,955,109	1,955,109
	11,625,239	11,625,239
Accumulated depreciation	(5,119,591)	(4,819,787)
Total property and equipment, net	$ 6,505,648	$ 6,805,452

Depreciation expense for the years ended June 30, 2018 and 2017, was $299,804 and $326,789, respectively.

Note 7. Employee Benefit Plan

The Foundation has established a deferred salary reduction plan under Section 403(b) of the Internal Revenue Code covering substantially all employees who have completed at least one year of service. The Foundation may make a discretionary contribution to eligible participants. The Foundation made discretionary contributions of $42,738 for the year ended June 30, 2018. The Foundation made discretionary contributions of $43,486 for the year ended June 30, 2017.

Note 8. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Common stocks: Valued at the closing price reported on the active markets on which the individual securities are traded.

Note 8. Fair Value Measurements (continued)

Mutual funds: Valued at the net asset value of shares held by the Foundation at year-end.

Limited partnerships: Valued at the NAV of units of a limited partnership. The NAV, as provided by the administrators of the underlying funds, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the investments held less its liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The tables below present the recorded amount of assets measured at fair value on a recurring basis at June 30, 2018 and 2017:

	Balance as of June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Common stocks:				
Industrials	$ 795,848	$ 795,848	$ -	$ -
Consumer	695,138	695,138	-	-
Financials	1,290,976	1,290,976	-	-
Technology	1,340,027	1,340,027	-	-
Other	826,679	826,679	-	-
Total common stocks	4,948,668	4,948,668	-	-
Mutual funds:				
Stock funds	6,892,829	6,892,829	-	-
Bond funds	1,900,047	1,900,047	-	-
Total mutual funds	8,792,876	8,792,876	-	-
Total assets in fair value hierarchy	13,741,544	13,741,544	-	-
Investments measured at net asset value (1) (2)	35,869,691	-	-	-
Total assets	$49,611,235	$13,741,544	$ -	$ -

Note 8. Fair Value Measurements (continued)

	Balance as of June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Common stocks:				
Industrials	$ 830,179	$ 830,179	$ -	$ -
Consumer	662,969	662,969	-	-
Financials	1,203,964	1,203,964	-	-
Technology	1,195,326	1,195,326	-	-
Other	570,402	570,402	-	-
Total common stocks	4,462,840	4,462,840	-	-
Mutual funds:				
Stock funds	3,177,202	3,177,202	-	-
Bond funds	1,573,057	1,573,057	-	-
Total mutual funds	4,750,259	4,750,259	-	-
Total assets in fair value hierarchy	9,213,099	9,213,099	-	-
Investments measured at net asset value (1) (2)	38,055,640	-	-	-
Total assets	$47,268,739	$9,213,099	$ -	$ -

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended June 30, 2018 and 2017, there were no transfers in or out of Levels 1, 2 or 3.

(1) In accordance with Subtopic 820-10, the limited partnerships that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

(2) Limited partnership investments have investment strategies which include investments in both long and short common stocks, various private equity funds of funds, diversified portfolios of equity securities of companies ordinarily located in any country other the United States and Canada, and real estate funds that invest in U.S. commercial real estate properties. These investments also include certain restrictions on the Foundation's contributed capital. These restrictions include withdrawal restrictions. Withdrawal restrictions range from monthly to quarterly withdrawals with up to 45 days' notice. At June 30, 2018, the Foundation had outstanding commitments of approximately $2,752,000.

Note 9. Endowments

The Foundation has one endowment established to provide direct support for children with disabilities and/or families who are being served by one the Foundation's programs. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (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 donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

(1) The duration and preservation of the fund.

(2) The purposes of the Foundation and the donor-restricted endowment fund.

(3) General economic conditions.

(4) The possible effect of inflation and deflation.

(5) The expected total return from income and the appreciation of investments.

(6) Other resources of the Foundation.

(7) The investment policies of the Foundation.

At June 30, 2018 and 2017, the Foundation's donor restricted endowment fund consists of contributions totaling $87,435 and is included in cash and cash equivalents.

Note 10. Lease Commitments

The Foundation leases office equipment under noncancelable operating lease agreements. The leases expire at various dates through August 2021. Rent expense totaled $43,830 and $44,662 for the years ended June 30, 2018 and 2017, respectively. Future minimum rental payments required under the operating leases are as follows:

Year Ending June 30,	
2019	$35,852
2020	30,627
2021	14,951
2022	2,492

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017:

	2018	2017
Assistive Technology	$ 52	$ 52
Subsequent years' activities	62,900	289,166
Pediatric Center – Family Counseling Program	61,400	112,758
Pediatric Behavorial & Developmental Clinic	11,355	10,000
Other	35,841	18,960
	$171,548	$430,936

Temporarily restricted net assets are included in cash and cash equivalents, contributions receivable from spilt-interest agreements, contributions receivable, and investments.

During the years ended June 30, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by donors as follows:

	2018	2017
Subsequent years' activities	$233,866	$22,625
Pediatric Center – Family Counseling Program	60,003	37,242
Other	28,698	-
	$322,567	$59,867

Note 12. Affiliation Agreements

The Foundation entered into an affiliation agreement (Agreement One) with Erlanger Health Systems (Erlanger) to develop and manage the Foundation's Center for Developmental Pediatrics (the Clinic). Agreement One provides that the Foundation will have all responsibility for the management and operation of the Clinic, and the Foundation will receive an annual payment of $250,000 from Erlanger to support the mission of the Clinic for pediatric care and the developmental behavioral residency training program for the University of Tennessee College of Medicine at Chattanooga (University). Agreement One expired on June 30, 2018.

The Foundation also entered into an affiliation agreement (Agreement Two) with the University whereby the Clinic will provide training opportunities for the University's pediatric residents and medical students. The University will employ the Clinic's Medical Director/Sr. Developmental Pediatrician and up to two additional Developmental Pediatricians as faculty members, and the Clinic will reimburse the University for all salary and benefit costs incurred under Agreement Two. The amounts incurred by the Foundation to the University under Agreement Two totaled $236,157 and $454,957 for the years ended June 30, 2018 and 2017, respectively. Agreement Two expired on June 30, 2018.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	(Accrued) Deferred Grant Revenue June 30, 2017	Grant Revenue Received	Expenditures	(Accrued) Deferred Grant Revenue June 30, 2018
FEDERAL GRANTS						
Passed through Tennessee Department of Education:						
Special Education - Grants for Infants and Families	84.181A	33195-00117	$ (12,222)	$ 358,002	$ 415,140	$ (69,360)
Passed through Tennessee Department of Human Services:						
Child and Adult Care Food Program	10.558	03-47-64115-00-9	-	39,561	39,561	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			(12,222)	397,563	454,701	(69,360)
STATE AWARDS						
Tennessee Department of Education:						
Special Education - Grants for Infants and Families	N/A	33195-00117	(320,452)	839,121	631,589	(112,920)
TOTAL EXPENDITURES OF STATE AWARDS			(320,452)	839,121	631,589	(112,920)
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			$ (332,674)	$ 1,236,684	$ 1,086,290	$ (182,280)

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Foundation under programs of federal and state governments for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Tennessee Department of Audit, *Audit Manual*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3. Indirect Cost Rate

The Foundation has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services				Supporting Services			
	Early Learning Centers	Center for Developmental Pediatrics	Child and Family Research Center	Total Program Expenses	Administration and Development	Fundraising	Total Supporting Services	Total
EXPENSES								
Salaries	$ 1,721,588	$ 1,019,329	$ 683,548	$ 3,424,465	$ 794,699	$ 228,764	$ 1,023,463	$4,447,928
Employee benefits	427,684	200,031	143,958	771,673	121,276	35,676	156,952	928,625
Total salaries and employee benefits	2,149,272	1,219,360	827,506	4,196,138	915,975	264,440	1,180,415	5,376,553
Contract services	-	11,370	-	11,370	-	-	-	11,370
Contributed merchandise and services	-	-	-	-	-	127,274	127,274	127,274
Depreciation	203,378	37,119	4,307	244,804	44,316	10,684	55,000	299,804
Dues, subscriptions and printing	890	3,906	-	4,796	1,029	1,792	2,821	7,617
Insurance	-	18,132	401	18,533	17,354	1,603	18,957	37,490
Advertising	221	3,294	143	3,658	7,200	34,691	41,891	45,549
Legal and audit fees	-	-	-	-	35,747	-	35,747	35,747
Miscellaneous	955	5,020	2,345	8,320	107,450	7,079	114,529	122,849
Occupancy	190,724	73,423	22,806	286,953	38,377	10,682	49,059	336,012
Office	40,562	24,692	23,220	88,474	33,144	24,841	57,985	146,459
Postage	186	1,757	12	1,955	4,412	510	4,922	6,877
Professional fees	62,508	341,718	13,296	417,522	22,312	-	22,312	439,834
Renovations	-	-	-	-	86,169	-	86,169	86,169
Program supplies	114,188	10,043	1,738	125,969	-	6,254	6,254	132,223
Property taxes	-	-	-	-	11,752	-	11,752	11,752
Special events	-	-	-	-	-	301,712	301,712	301,712
Staff training	12,390	12,320	9,050	33,760	2,770	4,355	7,125	40,885
Travel	569	175	99,148	99,892	1,952	-	1,952	101,844
Total expenses	$ 2,775,843	$ 1,762,329	$1,003,972	$ 5,542,144	$ 1,329,959	$ 795,917	$2,125,876	$7,668,020

The Notes to Financial Statements are an integral part of this statement.

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION, INC.
d/b/a SISKIN CHILDREN'S INSTITUTE

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services				Supporting Services			
	Early Learning Centers	Center for Developmental Pediatrics	Child and Family Research Center	Total Program Expenses	Administration and Development	Fundraising	Total Supporting Services	Total
EXPENSES								
Salaries	$ 1,686,598	$ 1,059,186	$ 592,901	$ 3,338,685	$ 629,662	$ 235,298	$ 864,960	$ 4,203,645
Employee benefits	422,753	207,469	125,678	755,900	140,135	39,426	179,561	935,461
Total salaries and employee benefits	2,109,351	1,266,655	718,579	4,094,585	769,797	274,724	1,044,521	5,139,106
Contributed merchandise and services	-	-	-	-	-	187,902	187,902	187,902
Depreciation	224,426	37,929	5,116	267,471	48,094	11,223	59,317	326,788
Dues, subscriptions and printing	1,275	2,527	-	3,802	6,941	2,273	9,214	13,016
Insurance	-	23,190	402	23,592	26,056	807	26,863	50,455
Advertising	-	1,000	-	1,000	6,958	24,324	31,282	32,282
Legal and audit fees	-	-	-	-	32,863	-	32,863	32,863
Miscellaneous	206	8,398	485	9,089	49,327	5,200	54,527	63,616
Occupancy	190,086	63,522	23,874	277,482	44,222	9,117	53,339	330,821
Office	37,264	21,720	52,694	111,678	28,157	15,792	43,949	155,627
Postage	169	1,038	225	1,432	6,228	1,722	7,950	9,382
Professional fees	60,400	550,457	20,734	631,591	15,736	-	15,736	647,327
Program supplies	110,553	36,403	1,073	148,029	-	1,439	1,439	149,468
Property taxes	-	-	-	-	11,482	-	11,482	11,482
Renovations	-	44,089	-	44,089	-	-	-	44,089
Special events	-	-	-	-	-	328,668	328,668	328,668
Staff training	11,686	12,143	16,553	40,382	8,202	2,719	10,921	51,303
Travel	236	-	104,213	104,449	1,646	115	1,761	106,210
Total expenses	$ 2,745,652	$ 2,069,071	$ 943,948	$ 5,758,671	$ 1,055,709	$ 866,025	$ 1,921,734	$ 7,680,405

The Notes to Financial Statements are an integral part of this statement.

MAULDIN & JENKINS

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
Mose and Garrison Siskin Memorial Foundation, Inc.
d/b/a Siskin Children's Institute
Chattanooga, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mose and Garrison Siskin Memorial Foundation, Inc. d/b/a Siskin Children's Institute (the Foundation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 14, 2018

MOSE AND GARRISON SISKIN MEMORIAL FOUNDATION
d/b/a SISKIN CHILDREN'S INSTITUTE

SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

None.