



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

Members of the General Assembly
Members of the Board of Directors of the
Tennessee Financial Literacy Commission
The Honorable David H. Lillard, Jr., Treasurer

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of the Tennessee Financial Literacy Commission, included in the General Fund of the State of Tennessee, as of June 30, 2023; the related statement of revenues, expenditures, and changes in fund balance; and the related notes to the financial statements, which collectively comprise the Tennessee Financial Literacy Commission's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Financial Literacy Commission as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tennessee Financial Literacy Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tennessee Financial Literacy Commission's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tennessee Financial Literacy Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note A.1, the financial statements present only the Tennessee Financial Literacy Commission, included in the General Fund of the State of Tennessee, and do not purport to, and do not, present fairly the financial position of the State of Tennessee, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Tennessee Financial Literacy Commission'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 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 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 Tennessee Financial Literacy Commission's internal control over financial reporting and compliance.



Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
December 12, 2023

Tennessee Financial Literacy Commission

Tennessee Financial Literacy Commission Balance Sheet June 30, 2023

ASSETS

Cash and Cash Equivalents	\$	566,656
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TOTAL ASSETS	\$	566,656
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LIABILITIES AND FUND BALANCE

TOTAL LIABILITIES		0
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FUND BALANCE

Committed Fund Balance		566,656
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TOTAL FUND BALANCE		566,656
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TOTAL LIABILITIES AND FUND BALANCE	\$	566,656
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See accompanying Notes to the Financial Statements

Tennessee Financial Literacy Commission

Tennessee Financial Literacy Commission Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended June 30, 2023

REVENUES

Contributions	\$	344,432
State Appropriations		125,000
Interest Income		20,759

TOTAL REVENUES 490,191

EXPENDITURES

Direct Program		201,025
Fundraising		38,398
General and Administrative		257,670

TOTAL EXPENDITURES 497,093

DEFICIENCY OF REVENUES OVER EXPENDITURES (6,902)

OTHER FINANCING SOURCES (USES)

Transfer from the Department of Financial Institutions		75,000
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TOTAL OTHER FINANCING SOURCES (USES) 75,000

NET CHANGE IN FUND BALANCE 68,098

FUND BALANCE, BEGINNING OF YEAR 498,558

FUND BALANCE, END OF YEAR \$ 566,656

See accompanying Notes to the Financial Statements

Tennessee Financial Literacy Commission Notes to the Financial Statements For Fiscal Year Ended June 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Financial Literacy Commission was created by the Financial Literacy Program Act of 2010 that was signed into law on June 23, 2010. The program was designed to improve the lives of Tennesseans through financial literacy by providing innovative educational resources to Tennessee schools and families. The commission receives a state appropriation of \$125,000, but is primarily funded through private contributions.

The Financial Literacy Commission is included within the state's general fund and is reported in the Annual Comprehensive Financial Reports (ACFR), which can be found at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>.

It is also included in the Treasury Department's administrative budget.

2. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they become both measurable and available and expenditures are recognized at the time the liabilities are incurred. Revenue associated with the current fiscal year is considered to be available if received in six months.

The principal revenues are contributions from an annual fund-raising event. Expenditures included general and administrative, fundraising, and direct program costs.

In accordance with Public Chapter 1097 of the Public Acts of 2010, the balance remaining each year is closed into a reserve account. The "committed" fund balance, as defined by GASB, includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority.

3. Cash and Cash Equivalents

The Financial Literacy Commission does not maintain its own bank account, and the cash is included in the general fund of the State of Tennessee. Thus, it utilizes the State Pooled Investment Fund for its operating cash needs. The State Pooled Investment Fund (SPIF) is authorized by state statute to invest funds in accordance with policy guidelines approved by the Funding Board of the State of Tennessee. The SPIF is not rated by a Nationally Recognized Statistical Rating Organization, and the required risk disclosures can be found on Treasury's website at <https://treasury.tn.gov>.

B. OTHER ACCOUNTING DISCLOSURES

Transfer from the Department of Financial Institutions

In accordance with section 35, item 13 of Public Chapter 454 of the 112th General Assembly of the State of Tennessee, an authorization was approved to transfer appropriations from the Department of Financial Institutions to the Financial Literacy Commission.

The Financial Literacy Commission provided six \$5,000 grants to Tennessee county libraries in Fiscal Year 2022-23. These grants are intended to bolster financial literacy outreach and resources for children and families in their local communities. The first round of grants was awarded in July 2022 to libraries in six of Tennessee's most economically distressed counties: Clay, Cocke, Grundy, Lake, Lauderdale, and Perry. The libraries are using funds to purchase resources to create dedicated areas to facilitate multigenerational learning around financial topics for their communities.