

BEACON CENTER OF TENNESSEE

AUDITED FINANCIAL STATEMENTS

**Year Ended December 31, 2022
(With Comparative Totals for 2021)**

BEACON CENTER OF TENNESSEE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beacon Center of Tennessee

Opinion

We have audited the accompanying financial statements of Beacon Center of Tennessee (a not-for-profit organization) (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beacon Center of Tennessee's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted 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 Beacon Center of Tennessee'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 Beacon Center of Tennessee'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.

Report on Summarized Comparative Information

The Organization's financial statements for the year ended December 31, 2021 were audited by Patterson, Hardee & Ballentine, P.C. who merged with UHY, LLP as of December 2022, and whose report dated June 21, 2022 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, simpler font.

Nashville, Tennessee
June 12, 2023

BEACON CENTER OF TENNESSEE
STATEMENT OF FINANCIAL POSITION
December 31, 2022 (With Comparative Totals for 2021)

	December 31,	
	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,804,657	\$ 1,388,408
Restricted cash	354,394	435,840
Accounts receivable	-	124,785
Prepaid insurance	2,173	2,173
Total current assets	2,161,224	1,951,206
PROPERTY AND EQUIPMENT	12,175	31,840
GRANT RECEIVABLE	-	26,176
OTHER ASSETS		
Operating lease right-of-use asset, net	73,286	-
Refundable deposits	4,907	4,907
	<u>\$ 2,251,592</u>	<u>\$ 2,014,129</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of operating leases	\$ 32,407	-
Accounts payable	3,041	1,773
Accrued expenses	3,579	4,527
Total current liabilities	39,027	6,300
LONG-TERM LIABILITIES		
Operating leases, net of current portion	40,879	-
Total liabilities	\$ 79,906	\$ 6,300
NET ASSETS		
Without donor restrictions	\$ 1,817,292	\$ 1,571,989
With donor restrictions	354,394	435,840
Total net assets	2,171,686	2,007,829
	<u>\$ 2,251,592</u>	<u>\$ 2,014,129</u>

BEACON CENTER OF TENNESSEE**STATEMENT OF ACTIVITIES****Year Ended December 31, 2022 (With Comparative Totals for 2021)**

	Years Ended December 31,			2021 Comparative Totals Only
	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND OTHER SUPPORT				
Corporate contributions	\$ 130,000	-	\$ 130,000	\$ 107,500
Individual contributions	667,547	-	667,547	649,328
Foundation contributions	165,719	1,039,781	1,205,500	1,268,676
Other contributions	122,130	-	122,130	338,776
Interest income	6,645	-	6,645	1,305
Net assets released from restrictions	<u>1,121,227</u>	<u>(1,121,227)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,213,268</u>	<u>(81,446)</u>	<u>2,131,822</u>	<u>2,365,585</u>
EXPENSES				
Program services	<u>1,557,962</u>	<u>-</u>	<u>1,557,962</u>	<u>1,331,718</u>
Supporting services				
General and administrative	114,194	-	114,194	117,234
Fundraising				
Direct mailing fundraising	121,280	-	121,280	128,687
Other fundraising	<u>174,529</u>	<u>-</u>	<u>174,529</u>	<u>171,239</u>
	<u>410,003</u>	<u>-</u>	<u>410,003</u>	<u>417,160</u>
Total expenses	<u>1,967,965</u>	<u>-</u>	<u>1,967,965</u>	<u>1,748,878</u>
CHANGES IN NET ASSETS	245,303	(81,446)	163,857	616,707
NET ASSETS, Beginning	<u>1,571,989</u>	<u>435,840</u>	<u>2,007,829</u>	<u>1,391,122</u>
NET ASSETS, Ending	<u>\$ 1,817,292</u>	<u>\$ 354,394</u>	<u>\$ 2,171,686</u>	<u>\$ 2,007,829</u>

BEACON CENTER OF TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 (With Comparative Totals for 2021)

	Years Ended December 31,					
	2022					2021
	Supporting Services					
	Program Services	General and Administrative	(See NOTE 8) Direct Mailing	Other Fund Raising	Total	Comparative Totals Only
Bank charges	\$ -	\$ 1,695	\$ -	\$ -	\$ 1,695	\$ 2,156
Contract labor	12,088	-	-	-	12,088	13,908
Depreciation	14,786	2,657	-	2,222	19,665	17,057
Employee benefit plan	23,237	1,801	-	3,189	28,227	26,246
Events	25,718	-	-	-	25,718	8,897
Health insurance	78,608	6,091	-	10,790	95,489	99,152
Health savings	17,123	1,327	-	2,350	20,800	17,885
Insurance	-	6,763	-	-	6,763	6,889
License and fees	6,016	-	-	-	6,016	2,919
Marketing	183,331	-	-	-	183,331	30,423
Meals and entertainment	9,360	-	-	1,524	10,884	7,356
Miscellaneous	7,372	-	-	-	7,372	34,659
Parking	4,511	810	-	678	5,999	5,852
Postage	1,203	-	1,269	-	2,472	1,487
Printing	21,331	-	25,327	-	46,658	65,411
Professional fees	12,683	1,218	-	-	13,901	16,226
Rent	26,726	4,804	-	4,016	35,546	62,469
Repairs and maintenance	7,847	1,411	-	1,179	10,437	6,969
Research	3,870	-	-	-	3,870	2,977
Salaries and payroll taxes	1,007,052	85,392	93,719	147,305	1,333,468	1,232,791
Subscriptions	1,154	-	-	-	1,154	857
Technology	21,931	-	965	-	22,896	19,441
Training	19,876	-	-	-	19,876	15,911
Travel	47,624	-	-	-	47,624	42,560
Travel mileage	3,264	-	-	1,088	4,352	1,475
Utilities	1,251	225	-	188	1,664	6,905
Total	\$ 1,557,962	\$ 114,194	\$ 121,280	\$ 174,529	\$ 1,967,965	\$ 1,748,878

See notes to financial statements.

BEACON CENTER OF TENNESSEE**STATEMENT OF CASH FLOWS****Year Ended December 31, 2022 (With Comparative Totals for 2021)**

	Years Ended December 31,	
	2022	2021
OPERATING ACTIVITIES		
Changes in net assets	\$ 163,857	\$ 616,707
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	19,665	17,057
Changes in		
Accounts receivable	124,785	(107,717)
Grant receivable	26,176	(26,176)
Accounts payable	1,268	-
Accrued expenses	(948)	(2,655)
Net cash provided by operating activities	<u>334,803</u>	<u>497,216</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	-	(40,476)
Net cash used by investing activities	<u>-</u>	<u>(40,476)</u>
NET CHANGE IN CASH AND RESTRICTED CASH	334,803	456,740
CASH AND RESTRICTED CASH, Beginning	<u>1,824,248</u>	<u>1,367,508</u>
CASH AND RESTRICTED CASH, Ending	<u>\$ 2,159,051</u>	<u>\$ 1,824,248</u>

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

History and Not-for-Profit Activity

The Beacon Center of Tennessee (the Organization) began operations in 2005 to empower Tennesseans to reclaim and protect their freedoms, so that they can freely pursue their version of the American Dream. The Beacon Center exists to increase public awareness of Tennessee public policy issues; to support and conduct nonpartisan research; to present educational and informational activities to increase public awareness of governmental activities; to provide research and information to citizens, policy makers, and the media; to sponsor reports, meetings and workshops concerning free market remedies for public policy issues; to educate the public about the benefits of a limited, responsible government and a free society; and to engage in selective litigation that is deemed highly meritorious and likely to advance the other articulated purposes for the Beacon Center of Tennessee's existence, whether on its own behalf or representing or supporting a worthy party, and whether as a party to the litigation or as an *amicus curiae*.

Some may call Beacon Center a think tank, but we do more than closely study important issues. The Organization comes up with solutions and shows policymakers, and the Tennesseans they represent, why their solutions work. In addition to top-notch research, the Organization also holds educational events, publishes infographics, podcasts, and videos, and tells the stories of Tennesseans who are impacted by government policies. So far, the Organization has successfully pushed for bold reforms in education, healthcare, economic regulations, and tax reform, among many others.

By giving Tennesseans more control over their own lives – whether it's making healthcare decisions, choosing where to send their kids to school, or keeping more of their hard-earned money – the Organization aims to make Tennessee the freest, most prosperous state in the nation.

Financial Statement Presentation

The Organization's resources are classified for accounting and reporting purposes into two asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

Net Assets Without Donor Restrictions - Includes resources available for support of program services and operations which have no donor-imposed restrictions (unrestricted). All contributions are considered to be available for unrestricted use and available unless specifically restricted by the donor. These net assets may be used at the discretion of the Organization's management and the board of directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions - Represents those net assets whose use has been limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and the income from such resources can be spent for program related expenses. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Reclassifications

Certain reclassifications of prior year summarized amounts have been made to conform to the current year presentation.

Prior Year Summarized Financial Information

While comparative information is not required under United States generally accepted accounting principles ("US GAAP"), this information is useful and certain summarized financial information from our 2021 financial statements is included. Such summarized information is not intended to be a complete presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended December 31, 2021, from which it was derived.

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2016-02 "*Leases (Topic 842)*". Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities with lease terms greater than 12 months on its statement of financial position and disclose key information about leasing arrangements.

The new standard was adopted as of January 1, 2022, using the modified retrospective approach. This approach allows the entity to initially apply the ASU at the adoption date and recognize a cumulative adjustment to the opening balance of net assets in the period of adoption. The adoption of the new standard had no impact on net assets. The Organization recorded operating lease right-of-use assets totaling \$101,989 and operating lease liabilities totaling \$101,989.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards (Continued)

The new standard provides a number of optional practical expedients at transition. The Organization elected certain practical expedients that must be elected as a package, which permit the Organization to not reassess, under the new standard, prior conclusions about (1) lease identification, (2) lease classification and (3) initial direct costs. Additionally, the Organization elected a short-term lease exception policy, which allows entities not to apply the new standard to short-term leases (i.e. leases with terms of 12 months or less) and a hindsight policy, which allows an entity to include current considerations for existing leases when determining initial lease terms. The Organization also elected to utilize a risk free rate for all leases when calculating the lease liability.

Cash and Restricted Cash

Cash and restricted cash consist of checking, savings, and money market accounts. The Organization's cash deposits in financial institutions are insured by FDIC insurance which is subject to certain limitations and conditions.

Prepaid Expenses

Prepaid expenses consist of insurance premiums paid by the Organization in advance.

Accounts Receivable and Grant Receivable

At December 31, 2022 and 2021, no allowance was considered necessary for uncollectible receivables based upon our analysis of past collection expense with donors and grantors.

Property and Equipment

Property and equipment is stated at cost, or if contributed at fair market value as of the date of the gift, less accumulated depreciation. Assets with a cost in excess of \$500 are capitalized. Expenses for maintenance and repairs are charged to expense as incurred, and betterments are capitalized. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives, which ranges from 3-6 years.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. As of December 31, 2022 and 2021, no assets were considered to be impaired.

Property and equipment consists of the following:

	December 31,	
	2022	2021
Property and equipment	\$ 91,220	\$ 91,220
Less accumulated depreciation	<u>(79,045)</u>	<u>(59,380)</u>
Total property and equipment	<u>\$ 12,175</u>	<u>\$ 31,840</u>

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are charged to operations when incurred and totaled \$183,331 and \$30,423 for the years ended December 31, 2022 and 2021, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions are recognized when cash or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a program are allocated directly to their natural expenditure classification. Payroll expenses and training are allocated based on time and effort.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Concentrations

The Organization receives a significant amount of its public support and revenue from contributions. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

At December 31, 2022 and 2021, 100% of payables were due to one vendor.

At December 31, 2022 and 2021, there were no accounts receivables due and 93% of accounts receivable due from three donors, respectively.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has performed a review of events subsequent to the statement of financial position date through June 12, 2023, the date the financial statements were available to be issued.

NOTE 2 — LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	December 31,	
	2022	2021
Cash and Restricted Cash	\$ 2,159,051	\$ 1,824,248
Accounts Receivable	-	124,785
	2,159,051	1,949,033
Less: Donor Restricted	(354,394)	(435,840)
	<u>\$ 1,804,657</u>	<u>\$ 1,513,193</u>

The Organization has certain board-designated assets limited to use, which are available for general expenditure within one year in the normal course of operations in the amount of \$298,030 at December 31, 2022. Accordingly, these assets have been included in the qualitative information above. The Organization also has certain donor-restricted assets limited to use which are only available for restricted programs. Accordingly, these assets have been excluded from the qualitative information above and are described in NOTE 3.

In the next fiscal year, the Organization plans to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenses. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available.

The Organization manages liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If an analysis of liquid assets reveals inadequate funds for near-term operating needs, the Organization immediately reduces spending of program and supporting services expenses.

NOTE 3 — NET ASSETS

Board-designated net assets are available for the following purposes:

Educational Reform - This account is intended to provide funds necessary for its general purposes of improving schooling in Tennessee.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 3 — NET ASSETS (Continued)

Board designated net assets without donor restrictions consisted of the following at:

	December 31,	
	2022	2021
Educational Reform	<u>\$ 298,030</u>	<u>\$ 448,030</u>

The following is a summary of net assets with donor restrictions at:

	December 31,	
	2022	2021
School choice grants	\$ 23,572	\$ 35,007
Housing & Zoning	131,086	-
Workplace freedom	-	20,000
Digital prospecting	-	25,000
Education reform	37,500	-
Strategic Implementation	50,000	-
Increasing jobs	32,736	-
Innovation	-	31,021
Regulatory Research	-	25,000
ED COVID Research	-	46,500
Entrepreneurship Council	-	38,812
Listening Tour	-	100,000
Economic Recovery	-	20,000
Fellowship	79,500	100,500
Total restricted net assets	<u>\$ 354,394</u>	<u>\$ 435,840</u>

Net assets were released from restrictions by incurring expenses and meeting goals of the program satisfying the restrictions.

NOTE 4 — OPERATING LEASE COMMITMENT

The Organization leases a copier under a five year lease, and a building under a lease expiring March 2023. The Organization has an option to renew the building lease for two additional one year periods.

Rent expense for the years ended December 31, 2022 and 2021, totaled \$35,546 and \$62,469, respectively.

Future minimum lease commitments are as follows for these leases at December 31, 2022:

Year Ending December 31,	
2023	\$ 32,407
2024	32,708
2025	8,171
	<u>\$ 73,286</u>

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (With Comparative Totals for 2021)

NOTE 5 — CONTRIBUTION OF NONFINANCIAL ASSETS

The Organization periodically receives donations of services, when donated services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of the donation is recorded as contribution revenue in the period received. Unreimbursed expenses of board members incurred while serving or traveling for the Organization's service and benefit are reported as in-kind revenue and expense in accordance with the criteria of generally accepted accounting principles. There were no contributions of nonfinancial assets during the years ended December 31, 2022 and 2021, respectively.

NOTE 6 — EMPLOYEE BENEFIT PLAN

The Organization has a voluntary 403(b) retirement plan for employees. The plan matches up to a maximum of three percent of each employee's base salary. New employees must wait 90 days before enrolling in the plan. The Organization's employee benefit plan expense for the years ended December 31, 2022 and 2021, was \$28,227 and \$26,246, respectively.

NOTE 7 — RELATED-PARTY TRANSACTIONS

Beacon Impact, a 501(c)(4) organization, was created in 2017. The purpose of Beacon Impact is to advocate for the promotion of free markets, individual liberty, and limited government, and to advocate on matters that empower Tennesseans to reclaim and protect their freedoms, so that they can freely pursue their version of the American Dream. Beacon Impact serves as the action partner of the Beacon Center of Tennessee. At December 31, 2021, Beacon Impact and Beacon Center of Tennessee had completely independent Boards of Directors. At December 31, 2021, the Organization was owed \$19,785 from Beacon Impact. During the years ended December 31, 2022 and 2021, the Organization received \$135,504 and \$140,107 from Beacon Impact for reimbursed expenses, respectively.

NOTE 8 — DIRECT MAILING GRANT

In 2017, the Organization received a direct mailing grant. The funds associated with this grant are required to be used for prospecting potential donors via direct mailings. Compliance with this grant requires the Beacon Center of Tennessee to spend more funds on fundraising expenses than the Organization normally would if the grant had not been received. The direct mailing grant related expenses are included on the Statement of Functional Expenses as supporting services.