

***WESTMINSTER HOME
CONNECTION***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021 and 2020

WESTMINSTER HOME CONNECTION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Westminster Home Connection:

Opinion

We have audited the accompanying financial statements of Westminster Home Connection (a nonprofit corporation) ("Home Connection"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westminster Home Connection as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Westminster Home Connection and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Westminster Home Connection'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 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 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, including omissions, 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 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 Westminster Home Connection'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 Westminster Home Connection'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.

Other Information Included in Home Connection's Annual Report

Management is responsible for the other information included in the Organization's annual report. The other information comprises the Financial Highlights included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Mullins Clemmons + Mayes, PLLC

Brentwood, Tennessee
March 7, 2022

WESTMINSTER HOME CONNECTION**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 707,937	\$ 749,441
Certificates of deposit, including accrued interest	-	102,481
Promises to give, net	103,478	108,617
Grants receivable	172,694	27,830
Prepaid expenses and other assets	805	6,500
Property and equipment, net	<u>37,178</u>	<u>54,231</u>
TOTAL ASSETS	<u>\$ 1,022,092</u>	<u>\$ 1,049,100</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 47,483	\$ 41,640
Accrued payroll	35,628	34,649
Accrued compensated absences	5,167	4,853
Other accrued expenses	14,920	13,400
Deferred grant revenue	172,054	89,262
Paycheck Protection Program payable	-	51,555
Total liabilities	<u>275,252</u>	<u>235,359</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	94,851	109,758
Designated by the Board for operating reserve	<u>460,000</u>	<u>430,000</u>
Total net assets without donor restrictions	554,851	539,758
With donor restrictions	<u>191,989</u>	<u>273,983</u>
Total net assets	<u>746,840</u>	<u>813,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,022,092</u>	<u>\$ 1,049,100</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 604,622	\$ 129,401	\$ 734,023
State and local contracts and grants	240,914	-	240,914
Forgiveness of Paycheck Protection Program loan	51,555	-	51,555
Investment income	240	-	240
Other income	1,955	-	1,955
Total	899,286	129,401	1,028,687
Net assets released due to satisfaction of restrictions	211,395	(211,395)	-
Total revenue, support and gains	1,110,681	(81,994)	1,028,687
EXPENSES:			
Program services	947,905	-	947,905
Fundraising	11,356	-	11,356
Management and general	136,327	-	136,327
Total expenses	1,095,588	-	1,095,588
CHANGE IN NET ASSETS	15,093	(81,994)	(66,901)
NET ASSETS:			
Beginning	539,758	273,983	813,741
Ending	\$ 554,851	\$ 191,989	\$ 746,840

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

WESTMINSTER HOME CONNECTION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 572,859	\$ 260,935	\$ 833,794
State and local contracts and grants	250,451	-	250,451
Investment income	1,422	-	1,422
Other income	11,826	-	11,826
Total	836,558	260,935	1,097,493
Net assets released due to satisfaction of restrictions	148,200	(148,200)	-
Total revenue, support and gains	984,758	112,735	1,097,493
EXPENSES:			
Program services	721,224	-	721,224
Fundraising	13,765	-	13,765
Management and general	102,344	-	102,344
Total expenses	837,333	-	837,333
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	147,425	112,735	260,160
OTHER CHANGES IN NET ASSETS:			
Bad debt losses	-	(3,090)	(3,090)
Net other changes	-	(3,090)	(3,090)
CHANGE IN NET ASSETS	147,425	109,645	257,070
NET ASSETS:			
Beginning	392,333	164,338	556,671
Ending	\$ 539,758	\$ 273,983	\$ 813,741

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

WESTMINSTER HOME CONNECTION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (66,901)	\$ 257,070
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	19,513	14,962
Forgiveness of Paycheck Protection Program loan	(51,555)	-
Noncash donation of vehicle	-	(30,000)
Accrued interest on certificates of deposit	(207)	(739)
Net changes in other operating assets and liabilities:		
Promises to give	5,139	18,725
Grants receivable	(144,864)	(23,463)
Prepaid expenses and other assets	5,695	10,000
Accounts payable and other accrued expenses	7,363	20,700
Accrued payroll and compensated absences	1,293	6,481
Deferred grant revenue	<u>82,792</u>	<u>69,919</u>
Net cash (used in) provided by operating activities	<u>(141,732)</u>	<u>343,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposit	102,688	-
Proceeds from Paycheck Protection Program	-	51,555
Purchases of property and equipment	<u>(2,460)</u>	<u>(8,393)</u>
Net cash (used in) provided by investing activities	<u>100,228</u>	<u>43,162</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(41,504)	386,817
CASH AND CASH EQUIVALENTS, BEGINNING	<u>749,441</u>	<u>362,624</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 707,937</u></u>	<u><u>\$ 749,441</u></u>

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

WESTMINSTER HOME CONNECTION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services					
	Repairs, Mobility Modifications, Declutter	Tornado Disaster Recovery	Total Program	Fundraising	Management and General	Total Expenses
Client home expenses	\$ 524,611	\$ 151,497	\$ 676,108	\$ -	\$ -	\$ 676,108
Salaries and employee benefits	106,462	48,701	155,163	4,031	43,931	203,125
Occupancy	6,062	1,000	7,062	54	884	8,000
Case manager	13,113	-	13,113	-	-	13,113
Office and accounting services	890	439	1,329	-	43,502	44,831
Other professional services	5,000	6,000	11,000	-	16,000	27,000
Development and fundraising	-	-	-	7,271	-	7,271
Information technology	1,584	1,126	2,710	-	8,571	11,281
Minor tools and construction supplies	5,644	61	5,705	-	-	5,705
Food	-	-	-	-	1,021	1,021
Transportation	27,668	1,447	29,115	-	730	29,845
Insurance	11,486	2,911	14,397	-	3,895	18,292
Miscellaneous	12,690	-	12,690	-	17,793	30,483
Total expenses before depreciation expense	715,210	213,182	928,392	11,356	136,327	1,076,075
Depreciation expense	11,113	8,400	19,513	-	-	19,513
Total expenses	<u>\$ 726,323</u>	<u>\$ 221,582</u>	<u>\$ 947,905</u>	<u>\$ 11,356</u>	<u>\$ 136,327</u>	<u>\$ 1,095,588</u>

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

WESTMINSTER HOME CONNECTION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Management and General	Total Expenses
	Repairs, Mobility Modifications, Declutter	Tornado Disaster Recovery	Total Program	Fundraising		
Client home expenses	\$ 418,978	\$ 36,185	\$ 455,163	\$ -	\$ -	\$ 455,163
Salaries and employee benefits	117,482	52,083	169,565	3,932	34,467	207,964
Occupancy	6,196	996	7,192	79	728	7,999
Case manager	9,183	-	9,183	-	-	9,183
Office and accounting	3,978	500	4,478	1,462	56,514	62,454
Other professional services	5,000	11,000	16,000	-	-	16,000
Development and fundraising	-	-	-	8,292	-	8,292
Information technology	1,145	2,015	3,160	-	6,736	9,896
Minor tools and construction supplies	6,607	1,269	7,876	-	-	7,876
Food	453	-	453	-	-	453
Transportation	20,859	1,491	22,350	-	587	22,937
Insurance	5,290	-	5,290	-	3,312	8,602
Miscellaneous	5,223	329	5,552	-	-	5,552
Total expenses before depreciation expense	600,394	105,868	706,262	13,765	102,344	822,371
Depreciation expense	11,501	3,461	14,962	-	-	14,962
Total expenses	<u>\$ 611,895</u>	<u>\$ 109,329</u>	<u>\$ 721,224</u>	<u>\$ 13,765</u>	<u>\$ 102,344</u>	<u>\$ 837,333</u>

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 1 – THE ENTITY

Westminster Home Connection (“Home Connection”) was established for the purpose of making critical home repairs and mobility modifications for older adults and persons with disabilities. In response to the March 3, 2020 tornados in Davidson and Wilson counties, Home Connection established a tornado recovery program that runs alongside the on-going program.

Home Connection is chartered as a Tennessee nonprofit corporation and is a validated mission of Westminster Presbyterian Church (“WPC”). Home Connection’s Board of Trustees (“Board”) is approved by WPC through WPC’s Session. At least two thirds of the members of the Board are required to be members of WPC. Home Connection has exemption under section 501(c)(3) of the Internal Revenue Code as a stand-alone tax-exempt entity for federal income tax purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2021 and 2020 in these financial statements refer to the year ended December 31, 2021 and 2020, respectively, unless otherwise noted.

Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America, Home Connection uses the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Home Connection is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – This class includes net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Home Connection. These net assets may be used at the discretion of Home Connection’s management and Board.

Net assets with donor restrictions – This class includes net assets whose use by Home Connection is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of Home Connection pursuant to those restrictions or by the passage of time. Home Connection has no donor restrictions that are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank accounts, money market funds and bank certificates of deposit with original maturities of ninety days or less, which are neither held for nor restricted by donors for long-term purposes. Home Connection may, at times, maintain bank account balances more than federally insured limits. However, Home Connection has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions and Promises to Give

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the calendar year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises to give are recorded at fair value. The fair value of promises to give, which are payable within one year, is generally considered to be the same as the net realizable value of the promises. The fair value of promises to give, which are payable over a period greater than one year, is estimated by discounting the future cash flows using the current rate of the line of credit. At December 31, 2021 and 2020, this discount rate was 3.25%. The discount is amortized on the straight-line basis over the promise period, with the discount amortization being recorded as a component of contributions.

Home Connection uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific promises made. Promises to give are written off when deemed uncollectible. At December 31, 2021 and 2020, management deemed all promises to give to be fully collectible, and, therefore, no allowance has been recorded.

See Note 4 for further details.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue and Receivables

Grant revenue is recognized when eligible expenses are incurred under the terms of the grant. Grant funds received prior to the incurrence of eligible expenses are recorded as deferred grant revenue in the statement of financial position until such expenses are incurred.

Home Connection uses the allowance method to determine uncollectible grants receivable. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific grants receivable. Grants receivable are written off when deemed uncollectible. At December 31, 2021 and 2020, management deemed all grants receivable to be fully collectible, and, therefore, no allowance has been recorded.

Property and Equipment

Expenditures for additions, major renewals and betterment of property and equipment with a cost more than \$750 are capitalized. The fair value of donated property and equipment is similarly capitalized. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the individual assets. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

See Note 6 for further details.

Donated Facilities and Services

Donated facilities are recognized at fair value on the date contributed. Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by Home Connection if not contributed. Donated services are recognized as contributions and expenses at their estimated fair values at date of receipt.

Home Connection received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition under generally accepted accounting principles.

See Notes 5 and 8 for further details.

Income Taxes

As mentioned in Note 1, Home Connection is a Tennessee nonprofit corporation, and a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. Home Connection is not classified as a private foundation.

Home Connection is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

In addition, certain nonprofit corporations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that Home Connection is not subject to unrelated business income tax. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 11 for further details.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Events Occurring after Reporting Date

Home Connection has evaluated events and transactions that occurred between December 31, 2021 and March 7, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 707,937	749,441
Certificates of deposit, maturing within 12 months	-	102,481
Promises to give	103,478	108,617
Grants receivable	<u>172,694</u>	<u>27,830</u>
Financial assets available to meet general expenditures	<u>\$ 984,109</u>	<u>\$ 988,369</u>
Less amounts not available to be used within one year:		
Promises to give to be received in one to five years	<u>(55,000)</u>	<u>(85,600)</u>
Financial assets not available to be used within one year	<u>(55,000)</u>	<u>(85,600)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 929,109</u></u>	<u><u>\$ 902,769</u></u>

As part of Home Connection's liquidity plan, excess cash is held in bank accounts. Home Connection has a \$50,000 line of credit available to meet cash flow needs. See Note 7 for further details related to this line of credit.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 48,478	\$ 23,017
In one to five years	<u>58,000</u>	<u>88,600</u>
Gross promises to give	106,478	111,617
Less unamortized discount on promises to give	<u>(3,000)</u>	<u>(3,000)</u>
Promises to give, net	<u><u>\$ 103,478</u></u>	<u><u>\$ 108,617</u></u>

Home Connection received conditional grants and promises to give which are not recognized as support until the conditions have substantially been met. When the expenses are incurred or matching funds are received, then these conditional grants will be recognized.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 4 – PROMISES TO GIVE (CONTINUED)

Conditional grants and promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Qualifying expenses related to home repairs, mobility modifications and declutter services	\$ 287,575	\$ 553,489
Sustainability initiatives	20,000	-
Tornado damaged home repairs	10,271	88,122
Total conditional grants and promises to give	<u>\$ 317,846</u>	<u>\$ 641,611</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

Home Connection has an arrangement with WPC for dedicated office, storage and parking spaces located on the grounds of WPC. Home Connection uses copiers and similar office tools. WPC makes available sleeping space, showers, a kitchen, gym and similar space for Home Connection volunteers on an overnight basis, if needed. The estimated fair value of facilities in the amount of \$8,000 has been reported in the accompanying Statements of Activities for both 2021 and 2020.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Vehicles, tools and equipment	\$ 100,339	\$ 98,874
Less accumulated depreciation	<u>(63,161)</u>	<u>(44,643)</u>
Property and equipment, net	<u>\$ 37,178</u>	<u>\$ 54,231</u>

NOTE 7 – LINE OF CREDIT

Home Connection has a revolving line of credit agreement with a financial institution with a maximum availability of \$50,000. Interest is payable monthly at the bank's index rate. The line of credit agreement expires on September 21, 2023, at which time all outstanding principal and accrued interest is payable. There were no outstanding advances under this line of credit at December 31, 2021 or 2020.

NOTE 8 – DONATED SERVICES

The estimated fair value of donated services, consisting of management, accounting and grant services, totaling \$47,000 and \$53,000 for 2021 and 2020, respectively, has been reported in the accompanying Statements of Activities.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 9 – PAYCHECK PROTECTION PROGRAM PAYABLE

On April 30, 2020, Home Connection received loan proceeds in the amount of \$51,555 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Home Connection used the proceeds for purposes consistent with the PPP and the loan was forgiven on June 16, 2021. Home Connection recorded these funds in accordance with FASB ASC 470, Debt. Accordingly, Home Connection has recognized income upon forgiveness in 2021.

NOTE 10 – NET ASSETS

Net assets with donor restrictions have been restricted for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose:		
Critical home repairs, mobility modifications and declutter services	\$ 42,098	\$ 8,945
Tornado disaster recovery	16,324	93,598
Other	5,467	11,240
For the operations of subsequent years	128,100	160,200
Total net assets with donor restrictions	<u>\$ 191,989</u>	<u>\$ 273,983</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restrictions during 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Critical home repairs, mobility modifications and declutter services	\$ 42,054	\$ 36,238
Tornado disaster recovery	111,968	70,152
Operations	51,600	41,810
Other	5,773	-
Total net assets released from restrictions	<u>\$ 211,395</u>	<u>\$ 148,200</u>

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 11 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such expenses are allocated using three overall methods. Salaries and employee benefits are allocated on the basis of estimates of time and effort; office and legal, development and fundraising, information technology, food, transportation and insurance are allocated based on review of individual cost items, with any costs that were not specifically identifiable allocated based on estimates of time and effort; occupancy is allocated on the basis of percentage of accumulated other costs.

NOTE 12 – EMPLOYEE BENEFIT PLAN

Home Connection has a Simple IRA plan (the "Plan") for its employees. Home Connection matches 3% of eligible employees' compensation. Home Connection matched \$4,237 and \$4,333 during 2021 and 2020, respectively.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Home Connection to concentrations of credit risk principally consist of promises to give. Promises to give represent concentrations of credit risk to the extent they are receivable from concentrated sources. At December 31, 2021, there was one promise to give, totaling \$75,000, representing 72% of the total promises to give. At December 31, 2020, there were two promises to give, totaling \$90,000, representing 83% of the total promises to give.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grant expenditures are subject to review and audit by the grantors in the normal course of operations. Any reviews and audits could result in disallowance of expenditures, and therefore, a return of grant funds to the grantor. Management believes that no unallowable expenditures have been incurred under any of its grants. Accordingly, no provision has been made for any potential return of funds to any of its grantors.

NOTE 15 – TORNADO DISASTER RECOVERY PROGRAM

Home Connection established a tornado recovery program in response to the March 3, 2020 tornadoes in Davidson and Wilson counties. Home Connection convened the nonprofit construction agencies working within both the Davidson and Wilson counties Long Term Recovery Groups.

The Community Foundation of Middle Tennessee's Middle Tennessee Emergency Response Fund has set aside a grant totaling \$1.125 million for the construction agencies in the Long-Term Recovery Groups. The construction agencies can access the grant for an average of \$7,500 per home.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 16– REVENUE DETAILS

Revenue, support and gains without donor restrictions is further detailed as follows:

	<u>2021</u>	<u>2020</u>
Revenues, support and gains without donor restrictions:		
Contributions:		
Foundations and corporations	\$ 374,452	\$ 294,950
Individuals	388,520	359,935
Government-Federal	51,555	7,000
Government-State	151,486	219,278
Government-Local	89,428	41,173
Investment Income	240	1,422
Revenue in-Kind	55,000	61,000
Total revenues, support and gains without donor restrictions	<u>\$1,110,681</u>	<u>\$ 984,758</u>

NOTE 17 – RISKS AND UNCERTAINTIES

The World Health Organization declared COVID-19 a pandemic in March 2020. To mitigate the spread of COVID-19, the mayor of Nashville announced a “Safer at Home Order” during 2020 and Home Connection discontinued home repairs for 6 weeks. Home Connection then resumed services with safety protocols in place. Home Connection continues to monitor the impact of the COVID-19 pandemic. Management cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Home Connection’s business, results of operations, financial position and cash flows.