

# 2019

## Financial Statements

**BEACON CENTER OF TENNESSEE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

(With Independent Auditor's Report Thereon)

**BEACON CENTER OF TENNESSEE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

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## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Beacon Center of Tennessee

We have audited the accompanying financial statements of Beacon Center of Tennessee (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 entity'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 entity'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.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beacon Center of Tennessee as of December 31, 2019, and the 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.

#### **Report on Summarized Comparative Information**

We have previously audited the Beacon Center of Tennessee's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Patterson Hardee & Ballentine*

June 3, 2020

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 364,097	\$ 229,199
Restricted cash	104,063	105,183
Accounts receivable	59,818	15,417
Prepaid insurance	2,173	10,664
Total current assets	530,151	360,463
Property and equipment, net	12,436	16,959
Other asset - deposit	4,907	4,907
	\$ 547,494	\$ 382,329

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable	\$ 5,011	\$ 1,540
Accrued expenses	9,180	17,165
Total current liabilities	14,191	18,705
Non-Current Liabilities		
Line of credit	38,994	-
Total non-current liabilities	38,994	-
Net Assets:		
Without donor restrictions	390,246	258,441
With donor restrictions	104,063	105,183
Total net assets	494,309	363,624
	\$ 547,494	\$ 382,329

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Public Support and Revenue:				
Public support:				
Corporate contributions	\$ 105,000	\$ -	\$ 105,000	\$ 68,500
Individual contributions	466,902	-	466,902	432,397
Foundation contributions	418,770	535,580	954,350	561,985
In-kind revenue	786	-	786	-
Net assets released from restriction	536,700	(536,700)	-	-
	<u>1,528,158</u>	<u>(1,120)</u>	<u>1,527,038</u>	<u>1,062,882</u>
Total public support				
Revenue:				
Loss on disposal of property and equipment	-	-	-	(217)
Other income - see Note 1	110,902	-	110,902	244,940
Interest income	3,154	-	3,154	3,076
	<u>114,056</u>	<u>-</u>	<u>114,056</u>	<u>247,799</u>
Total revenue				
Total public support and revenue	<u>1,642,214</u>	<u>(1,120)</u>	<u>1,641,094</u>	<u>1,310,681</u>
Expenses:				
Program services	1,155,213	-	1,155,213	995,698
Management and general	115,553	-	115,553	96,351
Fundraising:				
Direct mailing fundraising - see Note 10	94,180	-	94,180	87,741
Other fundraising	145,463	-	145,463	123,366
Total fundraising	<u>239,643</u>	<u>-</u>	<u>239,643</u>	<u>211,107</u>
Total expenses	<u>1,510,409</u>	<u>-</u>	<u>1,510,409</u>	<u>1,303,156</u>
Increase (decrease) in net assets	131,805	(1,120)	130,685	7,525
Net assets - beginning of year	<u>258,441</u>	<u>105,183</u>	<u>363,624</u>	<u>356,099</u>
Net assets - end of year	<u>\$ 390,246</u>	<u>\$ 104,063</u>	<u>\$ 494,309</u>	<u>\$ 363,624</u>

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services		Management and General		Fundraising				Total	
	2019	2018	2019	2018	Direct Mailing Fundraising *		Other Fundraising		2019	2018
					2019	2018	2019	2018		
Bank charges	\$ -	\$ -	\$ 1,754	\$ 1,651	\$ -	\$ -	\$ -	\$ -	\$ 1,754	\$ 1,651
Contract labor	16,687	20,320	-	-	-	-	-	-	16,687	20,320
Depreciation	4,999	4,280	500	428	400	342	766	657	6,665	5,707
Employee benefit plan	15,315	16,187	1,532	1,619	1,225	1,295	2,348	2,482	20,420	21,583
Events	20,808	27,795	-	-	-	-	-	-	20,808	27,795
Health insurance	51,650	32,256	5,165	3,226	4,132	2,580	7,919	4,946	68,866	43,008
Health savings	7,888	8,230	789	823	631	658	1,209	1,262	10,517	10,973
Insurance	-	-	6,619	8,807	-	-	-	-	6,619	8,807
Interest	-	-	1,136	-	-	-	-	-	1,136	-
License and fees	8,815	4,070	-	-	-	-	-	-	8,815	4,070
Public service announcement	48,400	29,226	-	-	-	-	-	-	48,400	29,226
Meals and entertainment	8,242	10,170	-	-	-	-	1,342	1,655	9,584	11,825
Miscellaneous	10,034	11,200	-	-	-	-	-	-	10,034	11,200
Parking	11,597	11,262	1,160	1,126	928	901	1,777	1,727	15,462	15,016
Postage	405	2,302	-	-	909	57	-	-	1,314	2,359
Printing	8,923	8,123	-	-	18,785	24,916	-	-	27,708	33,039
Professional fees	10,150	9,650	12,935	7,431	-	-	-	-	23,085	17,081
Rent	76,571	74,812	7,657	7,481	6,126	5,985	11,740	11,471	102,094	99,749
Repairs and maintenance	65	1,280	7	128	5	102	10	196	87	1,706
Research	6,537	14,469	-	-	-	-	-	-	6,537	14,469
Salaries and payroll taxes	753,664	631,785	75,366	63,179	60,293	50,543	115,563	96,874	1,004,886	842,381
Subscriptions	726	596	-	-	-	-	-	-	726	596
Supplies	3,200	841	320	84	256	67	490	129	4,266	1,121
Technology	17,575	13,167	-	-	-	-	-	-	17,575	13,167
Training	24,695	21,728	-	-	-	-	-	-	24,695	21,728
Travel	38,059	34,058	-	-	-	-	-	-	38,059	34,058
Travel mileage	4,082	4,207	-	-	-	-	1,360	1,402	5,442	5,609
Utilities	6,126	3,684	613	368	490	295	939	565	8,168	4,912
	<u>\$1,155,213</u>	<u>\$ 995,698</u>	<u>\$115,553</u>	<u>\$96,351</u>	<u>\$ 94,180</u>	<u>\$87,741</u>	<u>\$145,463</u>	<u>\$123,366</u>	<u>\$1,510,409</u>	<u>\$1,303,156</u>

\* - Represents expenses related to direct mailing grant (Note 10).

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 130,685	\$ 7,525
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Gain on disposal of property and equipment	-	217
Depreciation	6,665	5,707
Changes in:		
Accounts receivable	(44,401)	(5,870)
Prepaid insurance	8,491	(5,955)
Accounts payable	5,525	(9,633)
Accrued payroll	(10,039)	(164)
Total adjustments	<u>(33,759)</u>	<u>(15,698)</u>
Net cash provided by (used in) operating activities	<u>96,926</u>	<u>(8,173)</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(2,142)</u>	<u>(8,360)</u>
Net cash used in investing activities	<u>(2,142)</u>	<u>(8,360)</u>
Cash Flows From Financing Activities:		
Net change in line of credit	<u>38,994</u>	<u>-</u>
Net cash provided by financing activities	<u>38,994</u>	<u>-</u>
Net increase (decrease) in cash	133,778	(16,533)
Cash and restricted cash - beginning of year	<u>334,382</u>	<u>350,915</u>
Cash and restricted cash - end of year	<u>\$ 468,160</u>	<u>\$ 334,382</u>

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms “we”, “us”, “our” or “Beacon Center” are used throughout these notes to the financial statement to identify Beacon Center of Tennessee, a non-profit organization.

The Beacon Center of Tennessee empowers Tennesseans to reclaim control of their lives, 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’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. We come up with solutions and show policymakers and the Tennesseans they represent why our solutions work. In addition to our top-notch research, we also hold educational events, publish infographics, podcasts, and videos, and tell the stories of Tennesseans who are impacted by government policies. So far we have 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 our own healthcare decisions, choosing where to send our kids to school, or keeping more of our hard-earned money – we can make Tennessee the freest, most prosperous state in the nation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as net assets without donor restrictions. Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of December 31, 2019 and 2018.

Reclassifications

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

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Prior Year Summarized Financial Information

While comparative information is not required under United States generally accepted accounting principles ("US GAAP"), we believe this information is useful and have included certain summarized financial information from our 2018 financial statements. 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 our financial statements as of and for the year ended December 31, 2018, from which it was derived.

Revenue

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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. We recognize grant revenue when the grant is awarded. See Note 5 for a description of restricted revenue.

Other Income

Other income consists of reimbursements of legal fees for cases we win, as well as reimbursement of expenses paid on behalf of a related party, see Note 9. These reimbursements are received within a year of disbursement and do not constitute a contract with a customer.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2019 and 2018, we had no cash equivalents.

Promises to Give

Unconditional promises to give are recognized as support and revenues in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Account Receivable and Grant Receivable

At December 31, 2019 and 2018, no allowance was considered necessary for uncollectible receivables based upon our analysis of past collection expense with donors and grantors.

Prepaid expenses

Prepaid expenses consist of insurance premiums paid by us in advance.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost, or if contributed, at fair market value as of the date of the gift. Assets with a cost in excess of \$500 are capitalized. Depreciable assets are being depreciated using the straight line method over the estimated useful lives of the assets, which range from three to six years. Maintenance and repairs are charged to expense as incurred, and betterments are capitalized.

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. At December 31, 2019 and 2018, no assets were considered to be impaired.

Donated Services and Goods

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Unreimbursed expenses of board members incurred while serving or traveling for our service and benefit are reported as in-kind revenue and expense in accordance with the criteria of generally accepted accounting principles. There was no in-kind revenue or expense as of December 31, 2019 and 2018.

Advertising

Advertising is expensed as incurred.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Concentrations of Credit Risk

At December 31, 2019, we owed 100% of our payables to one vendor. At December 31, 2018, we owed 97% of our payables to one vendor.

At December 31, 2019, we were due 100% of our receivables from two donors, one of which was a related party, see Note 9. At December 31, 2018, we were due 100% of our receivables from one donor.

Cash Concentrations

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that it is exposed to any significant credit risk.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are specifically identifiable are allocated on an invoice by invoice basis. All other expenses are allocated on the basis of time and effort.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments. All our assets and liabilities are considered level 1 in the fair value hierarchy.

Recently Issued Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates that will affect the Organization's revenue recognition. The first, Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. We have adopted these standards retrospectively during 2019. The adoption of this standard had no effect on beginning net assets on our statement of activities for the year ended December 31, 2019.

In November 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified on the statements of financial position and cash flows. The statements of financial position and cash flows have been presented to reflect this Accounting Standards Update at December 31, 2019, and certain reclassifications of prior year summarized amounts have been made to conform to the current year presentation.

NOTE 2 - Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended	<u>2019</u>	<u>2018</u>
Cash	\$ 364,097	\$ 229,199
Accounts receivable	59,818	15,417
	<u>\$ 423,915</u>	<u>\$ 244,616</u>

The Organization has certain donor-restricted assets limited to use which are only available for restricted programs. Accordingly, these assets have been excluded in the qualitative information above.

In the next fiscal year, we plan 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 expenditures. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. We consider cash to be readily available.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
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NOTE 2 - Availability and Liquidity (continued)

We manage our 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 our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 3 - Property and Equipment

A summary of property and equipment at December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Computers	\$ 31,356	\$ 29,214
Furniture and fixtures	16,738	16,738
	<u>48,094</u>	<u>45,952</u>
Less: accumulated depreciation	<u>(35,658)</u>	<u>(28,993)</u>
	<u>\$ 12,436</u>	<u>\$ 16,959</u>

NOTE 4 - Accrued Expenses

A summary of accounts payable at December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Benefits withholding	\$ 1,748	\$ 759
Accrued vacation	-	12,951
Employee benefits payable	5,227	3,173
HSA withholding	2,205	282
	<u>\$ 9,180</u>	<u>\$ 17,165</u>

NOTE 5 - Restricted Net Assets

The following is a summary of restricted net assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Direct mail	\$ 10,307	\$ -
School choice grants	8,300	8,460
Criminal justice	-	27,139
Free Together	-	40,000
Kicking cronyism to the curb	-	29,584
Local government	59,458	-
Software license	1,700	-
City freedom index	24,298	-
Total restricted net assets	<u>\$ 104,063</u>	<u>\$ 105,183</u>

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
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NOTE 6 - Minimum Lease Obligation

We lease office space under a lease classified as an operating lease, through maturity in June 2021. Total rent expense for the years ended December 31, 2019 and 2018, was \$102,094 and \$99,749, respectively.

The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	
2020	\$ 103,069
2021	44,152
Total	<u>\$ 147,221</u>

NOTE 7 - Line of Credit

We have a line of credit with Regions Bank. The line of credit is due on demand and may be terminated without notice by the bank. The interest is due monthly with an interest rate of 8.00%. The line of credit is unsecured. The balance and available credit at December 31, 2019, are \$38,994 and \$61,006, respectively.

NOTE 8 - Employee Benefit Plan

We have a voluntary 403(b) retirement plan for employees. We match up to a maximum of three percent of each employee's base salary. New employees must wait 90 days before enrolling in the plan. Our employee benefit plan expense for the years ended December 31, 2019 and 2018, was \$20,420 and \$21,583, respectively.

NOTE 9 - Related Party

During 2017, a 501(c)(4), Beacon Impact, was created. 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 control of their lives, 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, 2019, Beacon Impact and Beacon Center of Tennessee had completely independent Boards of Directors. At December 31, 2019, we were owed \$14,818 from Beacon Impact. During the year ended December 31, 2019, we received \$102,965 from Beacon Impact for reimbursed expenses.

NOTE 10 - Direct Mailing Grant

In 2017 we 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 required us to spend more funds on fundraising expenses than we would if we had not received the grant. The direct mailing grant expenses were shown separately on the Statement of Activities.

NOTE 11 - New Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, Leases (Topic 842). The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2020, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2018**

NOTE 12 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2019. As of June 3, 2020, the date the financial statements were available to be issued, except for the following matter, no events subsequent to December 31, 2019, are considered necessary to be included in the accompanying financial statements.

As of June 3, 2020, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact and duration cannot be reasonably estimated at this time.