

2020
Financial Statements
With
Auditor's Letters

BEACON CENTER OF TENNESSEE

FINANCIAL STATEMENTS

DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

(With Independent Auditor's Report Thereon)

BEACON CENTER OF TENNESSEE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Patterson Hardee & Ballentine

June 15, 2021

BEACON CENTER OF TENNESSEE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

	<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:			
Cash		\$ 1,070,126	\$ 364,097
Restricted cash		297,382	104,063
Accounts receivable		17,068	59,818
Prepaid insurance		2,173	2,173
Total current assets		<u>1,386,749</u>	<u>530,151</u>
Property and equipment, net		<u>8,421</u>	<u>12,436</u>
Other asset - deposit		<u>4,907</u>	<u>4,907</u>
		<u>\$ 1,400,077</u>	<u>\$ 547,494</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Current Liabilities:			
Accounts payable		\$ 3,983	\$ 5,011
Accrued expenses		<u>4,972</u>	<u>9,180</u>
Total current liabilities		<u>8,955</u>	<u>14,191</u>
Non-Current Liabilities			
Line of credit		<u>-</u>	<u>38,994</u>
Total non-current liabilities		<u>-</u>	<u>38,994</u>
Net Assets:			
Without donor restrictions		1,093,740	390,246
With donor restrictions		<u>297,382</u>	<u>104,063</u>
Total net assets		<u>1,391,122</u>	<u>494,309</u>
		<u>\$ 1,400,077</u>	<u>\$ 547,494</u>

See accompanying notes to financial statements.

BEACON CENTER OF TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
Public Support and Revenue:				
Public support:				
Corporate contributions	\$ 50,999	\$ -	\$ 50,999	\$ 105,000
Individual contributions	508,271	-	508,271	466,902
Foundation contributions	464,000	528,800	992,800	954,350
In-kind revenue	-	-	-	786
Net assets released from restriction	335,481	(335,481)	-	-
	<u>1,358,751</u>	<u>193,319</u>	<u>1,552,070</u>	<u>1,527,038</u>
Total public support				
Revenue:				
Other revenue - see Note 1	878,449		878,449	110,902
Interest income	1,126	-	1,126	3,154
	<u>879,575</u>	<u>-</u>	<u>879,575</u>	<u>114,056</u>
Total revenue				
Total public support and revenue	<u>2,238,326</u>	<u>193,319</u>	<u>2,431,645</u>	<u>1,641,094</u>
Expenses:				
Program services	1,142,105	-	1,142,105	1,155,482
Management and general	119,496	-	119,496	115,553
Fundraising:				
Direct mailing fundraising - see Note 10	114,071	-	114,071	94,180
Other fundraising	159,160	-	159,160	145,194
Total fundraising	<u>273,231</u>	<u>-</u>	<u>273,231</u>	<u>239,374</u>
Total expenses	<u>1,534,832</u>	<u>-</u>	<u>1,534,832</u>	<u>1,510,409</u>
Change in net assets	703,494	193,319	896,813	130,685
Net assets - beginning of year	<u>390,246</u>	<u>104,063</u>	<u>494,309</u>	<u>363,624</u>
Net assets - end of year	<u>\$ 1,093,740</u>	<u>\$ 297,382</u>	<u>\$ 1,391,122</u>	<u>\$ 494,309</u>

See accompanying notes to financial statements.

BEACON CENTER OF TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services		Management and General		Fundraising				Total	
					Direct Mailing Fundraising *		Other Fundraising			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Bank charges	\$ -	\$ -	\$ 1,099	\$ 1,754	\$ -	\$ -	\$ -	\$ -	\$ 1,099	\$ 1,754
Contract labor	13,582	16,687	-	-	-	-	-	-	13,582	16,687
Depreciation	4,999	4,999	500	500	400	400	766	766	6,665	6,665
Employee benefit plan	19,271	15,315	1,927	1,532	1,542	1,225	2,955	2,348	25,695	20,420
Events	2,754	20,808	-	-	-	-	-	-	2,754	20,808
Health insurance	55,427	51,650	5,543	5,165	4,434	4,132	8,498	7,919	73,902	68,866
Health savings	10,710	7,888	1,071	789	857	631	1,642	1,209	14,280	10,517
Insurance	-	-	7,682	6,619	-	-	-	-	7,682	6,619
Interest	-	-	270	1,136	-	-	-	-	270	1,136
License and fees	5,384	8,815	-	-	-	-	-	-	5,384	8,815
Public service announcement	21,073	48,400	-	-	-	-	-	-	21,073	48,400
Meals and entertainment	2,210	8,242	-	-	-	-	360	1,342	2,570	9,584
Miscellaneous	5,423	10,034	-	-	-	-	-	-	5,423	10,034
Parking	9,892	11,597	989	1,160	791	928	1,517	1,777	13,189	15,462
Postage	610	405	-	-	825	909	-	-	1,435	1,314
Printing	8,924	8,923	-	-	30,326	18,785	-	-	39,250	27,708
Professional fees	10,160	10,150	7,161	12,935	-	-	-	-	17,321	23,085
Rent	78,612	76,840	7,861	7,657	6,289	6,126	12,054	11,471	104,816	102,094
Repairs and maintenance	205	65	20	7	16	5	32	10	273	87
Research	3,315	6,537	-	-	-	-	-	-	3,315	6,537
Salaries and payroll taxes	846,641	753,664	84,664	75,366	67,731	60,293	129,819	115,563	1,128,855	1,004,886
Subscriptions	627	726	-	-	-	-	-	-	627	726
Supplies	986	3,200	91	320	-	256	140	490	1,217	4,266
Technology	17,411	17,575	-	-	315	-	-	-	17,726	17,575
Training	7,918	24,695	-	-	50	-	-	-	7,968	24,695
Travel	8,503	38,059	-	-	-	-	-	-	8,503	38,059
Travel mileage	1,286	4,082	-	-	-	-	429	1,360	1,715	5,442
Utilities	6,182	6,126	618	613	495	490	948	939	8,243	8,168
	<u>\$ 1,142,105</u>	<u>\$ 1,155,482</u>	<u>\$ 119,496</u>	<u>\$ 115,553</u>	<u>\$ 114,071</u>	<u>\$ 94,180</u>	<u>\$ 159,160</u>	<u>\$ 145,194</u>	<u>\$ 1,534,832</u>	<u>\$ 1,510,409</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, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	<u>\$ 896,813</u>	<u>\$ 130,685</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,665	6,665
Changes in:		
Accounts receivable	42,750	(44,401)
Prepaid insurance	-	8,491
Accounts payable	(1,028)	5,525
Accrued expenses	(4,208)	(10,039)
Total adjustments	<u>44,179</u>	<u>(33,759)</u>
Net cash provided by operating activities	<u>940,992</u>	<u>96,926</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(2,650)</u>	<u>(2,142)</u>
Net cash used in investing activities	<u>(2,650)</u>	<u>(2,142)</u>
Cash Flows From Financing Activities:		
Net change in line of credit	<u>(38,994)</u>	<u>38,994</u>
Net cash provided by (used in) financing activities	<u>(38,994)</u>	<u>38,994</u>
Net increase in cash	899,348	133,778
Cash and restricted cash - beginning of year	<u>468,160</u>	<u>334,382</u>
Cash and restricted cash - end of year	<u><u>\$ 1,367,508</u></u>	<u><u>\$ 468,160</u></u>

See accompanying notes to financial statements.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

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 statements to identify Beacon Center of Tennessee, a non-profit organization.

The Beacon Center of Tennessee, began operations in 2005. We empower 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 using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. 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.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

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 2019 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, 2020, from which it was derived.

Contributions, Support and Revenue

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

The Organization has adopted Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) during 2020, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of contributions have been enhanced in accordance with the standard.

Other Revenue

Revenues without donor restrictions are obtained from reimbursements for public policy research expenses. These revenues are recorded when the service is invoiced. Program revenues received in advance of their usage are classified as deferred program revenue in the statement of financial position. There were no amounts received in advance during 2020. We also received a large bequest of \$748,030 on September 25, 2020.

The Organization has adopted Accounting Standards Update No. 2014-09—*Revenue from Contracts with Customers* (Topic 606), as amended, during 2020, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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, 2020 and 2019, we had no cash equivalents.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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, 2020 and 2019, 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.

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, 2020 and 2019, 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, 2020 and 2019.

Advertising

Advertising is expensed as incurred. At December 31, 2020, \$21,073 was expensed for advertising costs.

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.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

At December 31, 2020, we owed 100% of our payables to one vendor. At December 31, 2019, we owed 97% of our payables to one vendor.

At December 31, 2020, we were due 100% of our receivables from one donor, one of which was a related party, see NOTE 9. At December 31, 2019, 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.

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.

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>2020</u>	<u>2019</u>
Cash	\$1,070,126	\$ 364,097
Accounts receivable	<u>17,068</u>	<u>59,818</u>
	<u>\$1,087,194</u>	<u>\$ 423,915</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 \$748,030. 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 7.

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, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

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, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Computers	\$ 34,006	\$ 31,356
Furniture and fixtures	16,738	16,738
	<u>50,744</u>	<u>48,094</u>
Less: accumulated depreciation	<u>(42,323)</u>	<u>(35,658)</u>
	<u>\$ 8,421</u>	<u>\$ 12,436</u>

NOTE 4 - Accrued Expenses

A summary of accrued expenses at December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Benefits withholding	\$ 4,192	\$ 1,748
Employee benefits payable	780	5,227
	<u>\$ 4,972</u>	<u>\$ 9,180</u>

NOTE 5 - 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, 2020 and 2019, was \$104,816 and \$102,094, 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 6 - 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 available credit at December 31, 2020 and 2019, are \$100,000 and \$61,006, respectively.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

NOTE 7 - 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.

Board designated net assets without donor restrictions consisted of the following at December 31,

	<u>2020</u>	<u>2019</u>
Educational Reform	\$ 748,030	\$ -
	<u>\$ 748,030</u>	<u>\$ -</u>

The following is a summary of net assets with donor restrictions at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Direct mail	\$ 18,597	\$ 10,307
School choice grants	32,864	8,300
Innovation freedom	80,797	-
Healthcare	4,360	-
COVID research	30,764	-
Workplace freedom	30,000	-
Government overreach	10,000	-
Leadership academy	25,000	-
Digital prospecting	35,000	-
Education reform	5,000	-
Deregulation	20,000	-
Increasing jobs	5,000	-
Local government	-	59,458
Software license	-	1,700
City freedom index	-	24,298
Total restricted net assets	<u>\$ 297,382</u>	<u>\$ 104,063</u>

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, 2020 and 2019, was \$25,695 and \$20,420, 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, 2020, Beacon Impact and Beacon Center of Tennessee had completely independent Boards of Directors. At December 31, 2020, we were owed \$17,068 from Beacon Impact. During the year ended December 31, 2020, we received \$102,965 from Beacon Impact for reimbursed expenses.

BEACON CENTER OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2019

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 are shown separately on the Statement of Activities.

NOTE 11 – Contingencies

At December 31, 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.

NOTE 12 - 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, 2021, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

NOTE 13 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2020. As of June 15, 2021, the date the financial statements were available to be issued, no events subsequent to December 31, 2020, are considered necessary to be included in the accompanying financial statements.