

# 2021

## Financial Statements

**BEACON CENTER OF TENNESSEE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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

(With Independent Auditor's Report Thereon)

**BEACON CENTER OF TENNESSEE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

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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

#### **Opinion**

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, 2021, 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 Beacon Center of Tennessee as of December 31, 2021, and the changes in 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 Beacon Center of Tennessee 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 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, 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 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 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**

We have previously audited Beacon Center of Tennessee's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Patterson Handley & Bellentone*

June 21, 2022

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:			
Cash		\$ 1,388,408	\$ 1,070,126
Restricted cash		435,840	297,382
Accounts receivable		124,785	17,068
Prepaid insurance		2,173	2,173
Total current assets		<u>1,951,206</u>	<u>1,386,749</u>
Property and equipment, net		<u>31,840</u>	<u>8,421</u>
Other asset - deposit		<u>4,907</u>	<u>4,907</u>
Asset Whose Use is Limited:			
Grant receivable		<u>26,176</u>	<u>-</u>
Total asset whose use is limited		<u>26,176</u>	<u>-</u>
		<u><u>\$ 2,014,129</u></u>	<u><u>\$ 1,400,077</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts payable		\$ 1,773	\$ 3,983
Accrued expenses		<u>4,527</u>	<u>4,972</u>
Total current liabilities		<u>6,300</u>	<u>8,955</u>
Net Assets:			
Without donor restrictions		1,571,989	1,093,740
With donor restrictions		<u>435,840</u>	<u>297,382</u>
Total net assets		<u>2,007,829</u>	<u>1,391,122</u>
		<u><u>\$ 2,014,129</u></u>	<u><u>\$ 1,400,077</u></u>

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
Public Support and Revenue:				
Public support:				
Corporate contributions	\$ 107,500	\$ -	\$ 107,500	\$ 50,999
Individual contributions	649,328	-	649,328	508,271
Foundation contributions	402,500	866,176	1,268,676	992,800
Net assets released from restriction	<u>727,718</u>	<u>(727,718)</u>	<u>-</u>	<u>-</u>
Total public support	<u>1,887,046</u>	<u>138,458</u>	<u>2,025,504</u>	<u>1,552,070</u>
Revenue:				
Other revenue - see NOTE 1	338,776	-	338,776	878,449
Interest income	<u>1,305</u>	<u>-</u>	<u>1,305</u>	<u>1,126</u>
Total revenue	<u>340,081</u>	<u>-</u>	<u>340,081</u>	<u>879,575</u>
Total public support and revenue	<u>2,227,127</u>	<u>138,458</u>	<u>2,365,585</u>	<u>2,431,645</u>
Expenses:				
Program services	1,331,718	-	1,331,718	1,142,105
Management and general	117,234	-	117,234	119,496
Fundraising:				
Direct mailing fundraising - see NOTE 9	128,687	-	128,687	114,071
Other fundraising	<u>171,239</u>	<u>-</u>	<u>171,239</u>	<u>159,160</u>
Total fundraising	<u>299,926</u>	<u>-</u>	<u>299,926</u>	<u>273,231</u>
Total expenses	<u>1,748,878</u>	<u>-</u>	<u>1,748,878</u>	<u>1,534,832</u>
Change in net assets	478,249	138,458	616,707	896,813
Net assets - beginning of year	<u>1,093,740</u>	<u>297,382</u>	<u>1,391,122</u>	<u>494,309</u>
Net assets - end of year	<u><u>\$ 1,571,989</u></u>	<u><u>\$ 435,840</u></u>	<u><u>\$ 2,007,829</u></u>	<u><u>\$ 1,391,122</u></u>

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services		Management and General		Fundraising				Total	
					Direct Mailing Fundraising *		Other Fundraising			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Bank charges	\$ -	\$ -	\$ 2,156	\$ 1,099	\$ -	\$ -	\$ -	\$ -	\$ 2,156	\$ 1,099
Contract labor	13,908	13,582	-	-	-	-	-	-	13,908	13,582
Depreciation	12,862	4,999	2,242	500	-	400	1,953	766	17,057	6,665
Employee benefit plan	21,599	19,271	1,641	1,927	-	1,542	3,006	2,955	26,246	25,695
Events	8,897	2,754	-	-	-	-	-	-	8,897	2,754
Health insurance	81,598	55,427	6,200	5,543	-	4,434	11,354	8,498	99,152	73,902
Health savings	14,719	10,710	1,118	1,071	-	857	2,048	1,642	17,885	14,280
Insurance	-	-	6,889	7,682	-	-	-	-	6,889	7,682
Interest	-	-	-	270	-	-	-	-	-	270
License and fees	2,919	5,384	-	-	-	-	-	-	2,919	5,384
Public service announcement	30,423	21,073	-	-	-	-	-	-	30,423	21,073
Meals and entertainment	6,326	2,210	-	-	-	-	1,030	360	7,356	2,570
Miscellaneous	34,659	5,423	-	-	-	-	-	-	34,659	5,423
Parking	4,413	9,892	769	989	-	791	670	1,517	5,852	13,189
Postage	589	610	-	-	898	825	-	-	1,487	1,435
Printing	24,874	8,924	-	-	40,537	30,326	-	-	65,411	39,250
Professional fees	10,170	10,160	6,056	7,161	-	-	-	-	16,226	17,321
Rent	47,106	78,612	8,209	7,861	-	6,289	7,154	12,054	62,469	104,816
Repairs and maintenance	216	205	38	20	-	16	33	32	287	273
Research	2,977	3,315	-	-	-	-	-	-	2,977	3,315
Salaries and payroll taxes	924,307	846,641	80,131	84,664	86,287	67,731	142,066	129,819	1,232,791	1,128,855
Subscriptions	857	627	-	-	-	-	-	-	857	627
Supplies	5,039	986	878	91	-	-	765	140	6,682	1,217
Technology	18,476	17,411	-	-	965	315	-	-	19,441	17,726
Training	15,911	7,918	-	-	-	50	-	-	15,911	7,968
Travel	42,560	8,503	-	-	-	-	-	-	42,560	8,503
Travel mileage	1,106	1,286	-	-	-	-	369	429	1,475	1,715
Utilities	5,207	6,182	907	618	-	495	791	948	6,905	8,243
	<u>\$1,331,718</u>	<u>\$1,142,105</u>	<u>\$117,234</u>	<u>\$ 119,496</u>	<u>\$128,687</u>	<u>\$114,071</u>	<u>\$171,239</u>	<u>\$159,160</u>	<u>\$ 1,748,878</u>	<u>\$ 1,534,832</u>

\* - Represents expenses related to direct mailing grant (see NOTE 9).

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets	<u>\$ 616,707</u>	<u>\$ 896,813</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,057	6,665
Changes in:		
Accounts receivable	(107,717)	42,750
Restricted grant receivable	(26,176)	-
Accounts payable	-	(1,028)
Accrued expenses	(2,210)	(4,208)
Total adjustments	<u>(119,046)</u>	<u>44,179</u>
Net cash provided by operating activities	<u>497,661</u>	<u>940,992</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(40,476)</u>	<u>(2,650)</u>
Net cash used in investing activities	<u>(40,476)</u>	<u>(2,650)</u>
Cash Flows From Financing Activities:		
Net change in accrued wages	<u>(445)</u>	<u>(38,994)</u>
Net cash used in financing activities	<u>(445)</u>	<u>(38,994)</u>
Net increase in cash	456,740	899,348
Cash and restricted cash - beginning of year	<u>1,367,508</u>	<u>468,160</u>
Cash and restricted cash - end of year	<u><u>\$ 1,824,248</u></u>	<u><u>\$ 1,367,508</u></u>

See accompanying notes to financial statements.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

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, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

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 2020 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, 2021, 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.

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 2021.

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, 2021 and 2020, 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.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Account Receivable and Grant Receivable

At December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

Advertising

Advertising is expensed as incurred. At December 31, 2021, \$30,423 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.

Concentrations of Credit Risk

At December 31, 2021, we owed 100% of our payables to one vendor. At December 31, 2020, we owed 100% of our payables to one vendor.

At December 31, 2021, we were due 93% of our receivables from three donors, one of which was a related party, see NOTE 8. At December 31, 2020, we were due 100% of our receivables from one donor.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

NOTE 1 - Summary of Significant Accounting Policies (continued)

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>2021</u>	<u>2020</u>
Cash	\$1,388,408	\$ 1,070,126
Accounts receivable	<u>124,785</u>	<u>17,068</u>
	<u>\$1,513,193</u>	<u>\$ 1,087,194</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 \$448,030. 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 6.

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.

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.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

**NOTE 3 - Property and Equipment**

A summary of property and equipment at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Computers	\$ 45,880	\$ 34,006
Furniture and fixtures	19,783	16,738
Leasehold Improvements	<u>25,557</u>	<u>-</u>
	91,220	50,744
Less: accumulated depreciation	<u>( 59,380)</u>	<u>(42,323)</u>
	<u>\$ 31,840</u>	<u>\$ 8,421</u>

Depreciation expense for the year ended December 31, 2021 and 2020, was \$17,057 and \$6,665, respectively.

**NOTE 4 – Accrued Expenses**

A summary of accrued expenses at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Benefits withholding	\$ 3,747	\$ 4,192
Employee benefits payable	<u>780</u>	<u>780</u>
	<u>\$ 4,527</u>	<u>\$ 4,972</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, 2021 and 2020, was \$62,469 and \$104,816, respectively.

The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	
2021	\$ 54,761
2022	28,956
2023	8,298
2024	1,344
2025	1,344
Thereafter	336
Total	<u>\$ 95,039</u>

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

**NOTE 6 - 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>2021</u>	<u>2020</u>
Educational Reform	\$ 448,030	\$ 748,030
	<u>\$ 448,030</u>	<u>\$ 748,030</u>

The following is a summary of net assets with donor restrictions at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Direct mail	\$ -	\$ 18,597
School choice grants	35,007	32,864
Innovation freedom	-	80,797
Healthcare	-	4,360
COVID research	-	30,764
Workplace freedom	20,000	30,000
Government overreach	-	10,000
Leadership academy	-	25,000
Digital prospecting	25,000	35,000
Education reform	-	5,000
Deregulation	-	20,000
Increasing jobs	-	5,000
Innovation	31,021	-
Regulatory Research	25,000	-
ED COVID Research	46,500	-
Entrepreneurship Council	32,812	-
Listening Tour	100,000	-
Economic Recovery	20,000	-
Fellowship	100,500	-
Total restricted net assets	<u>\$ 435,840</u>	<u>\$ 297,382</u>

**NOTE 7 - 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, 2021 and 2020, was \$26,246 and \$25,695, respectively.

**BEACON CENTER OF TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020**

**NOTE 8 - 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, 2021, Beacon Impact and Beacon Center of Tennessee had completely independent Boards of Directors. At December 31, 2021, we were owed \$19,785 from Beacon Impact. During the year ended December 31, 2021, we received \$140,107 from Beacon Impact for reimbursed expenses.

**NOTE 9 - 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 10 - 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 11 - Subsequent Events**

We have evaluated events subsequent to the year ending December 31, 2021. As of June 21, 2022, the date the financial statements were available to be issued, no events subsequent to December 31, 2021, are considered necessary to be included in the accompanying financial statements.