

Goodlettsville Help Center, Inc. and Subsidiary

Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Goodlettsville Help Center, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Goodlettsville Help Center, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
July 7, 2022

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 336,383	\$ 137,580
Certificate of deposit	51,473	51,409
Prepaid expenses	10,317	10,317
Inventory	46,011	58,352
Total current assets	<u>444,184</u>	<u>257,658</u>
Property and equipment		
Land	100,000	100,000
Building	142,195	142,195
Equipment	21,888	19,717
Improvements	122,829	122,829
Vehicles	8,221	8,221
Accumulated depreciation	<u>(158,976)</u>	<u>(147,009)</u>
Property and equipment, net	236,157	245,953
Other assets	<u>3,782</u>	<u>3,782</u>
Total assets	\$ 684,123	\$ 507,393
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 5,231	\$ 3,379
Accrued payroll	<u>6,518</u>	<u>10,244</u>
Total current liabilities	11,749	13,623
Net assets without donor restrictions	<u>672,374</u>	<u>493,770</u>
Total liabilities and net assets	\$ 684,123	\$ 507,393

Goodlettsville Help Center, Inc. and Subsidiary

Consolidated Statements of Activities

For the Years Ended December 31, 2021 and 2020

	2021	2020
Net Assets Without Donor Restrictions		
Support and Revenues		
Fundraisers	\$ 22,624	\$ 400
Contributions and grants	248,651	185,616
Donated food, in-kind	143,858	229,178
Total support and revenues	415,133	415,194
Other Revenues		
Interest income	664	1,888
Thrift store sales of donated goods	365,498	285,047
Total other revenues	366,162	286,935
Total	781,295	702,129
Expenses		
Program services	505,878	554,076
Management and general	95,006	94,952
Fundraising	1,807	-
Total expenses	602,691	649,028
Change in net assets	178,604	53,101
Net assets without donor restrictions, beginning of year	493,770	440,669
Net assets without donor restrictions, end of year	\$ 672,374	\$ 493,770

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services			Supporting services		
	Help Center	Thrift Store	Total	Management and general	Fundraising	Total expenses
Personnel expenses						
Salaries and wages	\$ 34,579	\$ 168,851	\$ 203,430	\$ 42,000	\$ -	\$ 245,430
Payroll taxes	2,152	10,505	12,657	4,292	-	16,949
Total personnel expenses	36,731	179,356	216,087	46,292	-	262,379
Nonpersonnel expenses						
Client services	22,760	20	22,780	-	-	22,780
Copier	-	-	-	2,337	-	2,337
Depreciation	144	7,584	7,728	4,239	-	11,967
Dues	-	-	-	637	-	637
Food	151,965	-	151,965	-	-	151,965
Fundraising	-	-	-	-	1,807	1,807
Insurance	143	7,502	7,645	4,193	-	11,838
Merchant fees	-	9,114	9,114	-	-	9,114
Other	-	-	-	863	-	863
Pest control	-	-	-	368	-	368
Postage	-	-	-	238	-	238
Professional fees	-	-	-	12,860	-	12,860
Rent	-	55,007	55,007	-	-	55,007
Repairs and maintenance	-	-	-	4,794	-	4,794
Supplies	-	-	-	2,567	-	2,567
Taxes and fees	-	3,668	3,668	-	-	3,668
Utilities	532	27,940	28,472	15,618	-	44,090
Vehicle	3,412	-	3,412	-	-	3,412
Total nonpersonnel expenses	178,956	110,834	289,791	48,714	1,807	340,312
Total expenses	\$ 215,687	\$ 290,190	\$ 505,878	\$ 95,006	\$ 1,807	\$ 602,691

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program services			Supporting services		
	Help Center	Thrift Store	Total	Management and general	Fundraising	Total expenses
Personnel expenses						
Salaries and wages	\$ 36,938	\$ 152,249	\$ 189,187	\$ 43,724	\$ -	\$ 232,911
Payroll taxes	1,585	12,093	13,678	4,441	-	18,119
Total personnel expenses	38,523	164,342	202,865	48,165	-	251,030
Nonpersonnel expenses						
Client services	23,105	307	23,412	-	-	23,412
Copier	-	-	-	2,541	-	2,541
Depreciation	153	6,794	6,947	4,486	-	11,433
Dues	-	-	-	890	-	890
Food	220,928	-	220,928	-	-	220,928
Fundraising	-	-	-	-	-	-
Insurance	181	8,043	8,224	5,311	-	13,535
Merchant fees	-	6,582	6,582	-	-	6,582
Other	-	219	219	956	-	1,175
Pest control	-	-	-	580	-	580
Postage	-	-	-	232	-	232
Professional fees	-	-	-	9,900	-	9,900
Rent	-	58,200	58,200	-	-	58,200
Repairs and maintenance	-	-	-	2,577	-	2,577
Supplies	-	-	-	3,828	-	3,828
Taxes and fees	-	1,303	1,303	-	-	1,303
Utilities	527	23,449	23,976	15,485	-	39,461
Vehicle	1,421	-	1,421	-	-	1,421
Total nonpersonnel expenses	246,314	104,897	351,211	46,787	-	397,998
Total expenses	\$ 284,837	\$ 269,239	\$ 554,076	\$ 94,952	\$ -	\$ 649,028

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash, beginning of year	\$ 137,580	\$ 106,735
Cash flows from operating activities		
Change in net assets	178,604	53,101
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,967	11,433
Change in:		
Certificate of deposit	(64)	(1,409)
Prepaid expenses	-	2,616
Inventory	12,341	(17,596)
Accrued expenses	1,852	1,555
Accrued payroll	(3,726)	(13,905)
Net cash provided (used) by operating activities	200,974	35,795
Cash flows used from investing activities		
Purchase of property and equipment	(2,171)	(4,950)
Net change in cash	198,803	30,845
Cash, end of year	\$ 336,383	\$ 137,580

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Goodlettsville Help Center, Inc. and Subsidiary (the Organization) is a non-profit organization whose purpose is to help churches, businesses, and the community eliminate duplicate requests from needy families by providing a central location to meet their basic needs. Their needs can be assistance for utilities, food, shelter, prescriptions, transportation, and education. The Organization also acts as a liaison to the local police department for persons seeking assistance. A thrift store is open to the public with reduced rates to support the entire community. Generally clients receiving direct assistance live in the Goodlettsville, Tennessee area, which encompasses portions of Davidson, Robertson, and Sumner counties.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Goodlettsville Help Center, Inc. (GHC) and Treasure Hunters Thrift Store, LLC (the Thrift Store). GHC is the sole member of the Thrift Store. All significant intercompany transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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.

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. The Organization does not have net assets with donor restrictions.

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 statements of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing support services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Certificate of Deposit

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash. Cash deposits and investments in certificates of deposit (CD's) are reported at carrying amounts which approximates fair value.

Inventory

The Thrift Store inventories, which consist of donated clothing, household goods, furniture, and various other items, are held for sale at the thrift store. Since there is no purchase cost to the organization, inventory, and donation revenues are recorded at fair value determined by the price at which the item can be sold on the date of donation.

The food inventories consist of donated food received from food drives, food companies, and grocery stores. Management estimates that food inventory turnover occurs semi-monthly, and the value of donated food is based on poundage times a standard rate. The donated food at December 31, 2021 and 2020 was valued at \$1.79 and \$1.74 per pound based on fair value, respectively.

Property and Equipment

Property and equipment with cost greater than \$500 and useful lives greater than one year are recorded at cost or at the estimated fair market value at the date of donation. Depreciation is calculated using the straight-line method over an estimated useful life of 5 to 39 years. Expenditures for repairs and maintenance are charged to expense as incurred. Donations of property and equipment are reported at their estimated fair value.

Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor-stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Revenue Recognition

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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 are reported in the statements of activities as net assets released from restrictions. If donor-restricted support is given and the restriction is released in the same accounting period, the contribution is considered as unrestricted.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Revenue Recognition

Gifts In-kind, Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Income Taxes

GHC is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Thrift Store is considered a disregarded entity for federal income tax purposes and is included on GHC's Form 990, Return of Organization Exempt from Income Tax.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were \$263 and \$277, respectively.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	Method of allocation
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Other expenses	Time and effort
Depreciation	Square footage
Insurance	Square footage
Utilities	Square footage

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as a conditional contribution.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 2. Availability and Liquidity

The following represents the Organization's financial assets:

	2021	2020
Financial assets		
Cash	\$ 336,381	\$ 137,580
Certificate of deposit	<u>51,473</u>	<u>51,409</u>
Financial assets available to meet general expenditures over the next 12 months	\$ 387,854	\$ 188,989

The Organization's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately \$190,000). As part of its liquidity plan, excess cash is invested in existing cash, savings, and certificate of deposit accounts.

Note 3. Inventory

Inventory consists of the following:

	2021	2020
Thrift store	\$ 24,531	\$ 30,315
Donated food	<u>21,480</u>	<u>28,037</u>
	\$ 46,011	\$ 58,352

Note 4. Lease Commitment

The Organization leases retail space for the thrift store under an operating lease that expires in October 2023. Future minimum lease payments are as follows:

Year ended December 31,	
2022	\$ 56,111
2023	<u>46,759</u>
Total	\$ 102,870

Rent expense for 2021 and 2020 was \$55,007 and \$58,200, respectively.

Note 5. Concentrations

Credit Risk on Cash

The Organization maintains its cash balances in bank deposits that, at times, may exceed federally insured limits. The Organization had cash deposits in a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation in the amount of approximately \$90,000 at December 31, 2021.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 5. Concentrations

Concentration of Revenue Sources

During 2021 and 2020, the Organization received approximately 18% and 33%, respectively, of its total revenues from in-kind food donations. Food donations from a single donor comprised approximately 13% and 13% of total revenues in 2021 and 2020, respectively.

Note 6. PPP Loan

On April 15, 2020, the Organization received a loan in the amount of \$50,890 in accordance with the PPP section of the CARES Act. The Organization has elected to treat the PPP loan as a conditional contribution in the financial statements.

On July 12, 2021, the Organization received full forgiveness of the loan and recognized contribution revenue in the amount of \$50,890 on the statement of activities for 2020.

Note 7. Subsequent Events

Management has evaluated subsequent events through July 7, 2022, the date on which the financial statements were available for issuance.