

***WESTMINSTER HOME
CONNECTION***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2022 and 2021

WESTMINSTER HOME CONNECTION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Westminster Home Connection:

Opinion

We have audited the accompanying financial statements of Westminster Home Connection (a nonprofit corporation) ("Home Connection"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westminster Home Connection as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westminster Home Connection and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westminster Home Connection's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in Home Connection's Annual Report

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

Mullins Clemmons + Mayes, PLLC

Brentwood, Tennessee
March 2, 2023

WESTMINSTER HOME CONNECTION**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 550,877	\$ 707,937
Certificates of deposit, including accrued interest	181,620	-
Promises to give, net	379,329	103,478
Grants receivable	162,848	172,694
Prepaid expenses and other assets	1,154	805
Property and equipment, net	<u>10,026</u>	<u>37,178</u>
TOTAL ASSETS	<u>\$ 1,285,854</u>	<u>\$ 1,022,092</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 24,907	\$ 47,483
Accrued payroll	29,934	35,628
Accrued compensated absences	7,131	5,167
Other accrued expenses	1,076	14,920
Deferred grant revenue	-	172,054
Total liabilities	<u>63,048</u>	<u>275,252</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	247,933	94,851
Designated by the Board for operating reserve	<u>500,000</u>	<u>460,000</u>
Total net assets without donor restrictions	<u>747,933</u>	<u>554,851</u>
With donor restrictions	<u>474,873</u>	<u>191,989</u>
Total net assets	<u>1,222,806</u>	<u>746,840</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,285,854</u>	<u>\$ 1,022,092</u>

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

WESTMINSTER HOME CONNECTION**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 820,061	\$ 422,347	\$ 1,242,408
State and local contracts and grants	254,395	-	254,395
Gain on disposal of equipment	5,727	-	5,727
Investment income	1,957	-	1,957
Other income	16,831	-	16,831
Total	1,098,971	422,347	1,521,318
Net assets released due to satisfaction of restrictions	139,463	(139,463)	-
Total revenue, support and gains	1,238,434	282,884	1,521,318
EXPENSES:			
Program services	852,445	-	852,445
Fundraising	15,746	-	15,746
Management and general	177,161	-	177,161
Total expenses	1,045,352	-	1,045,352
CHANGE IN NET ASSETS	193,082	282,884	475,966
NET ASSETS:			
Beginning	554,851	191,989	746,840
Ending	\$ 747,933	\$ 474,873	\$ 1,222,806

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

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

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

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

WESTMINSTER HOME CONNECTION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 475,966	\$ (66,901)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	12,637	19,513
Forgiveness of Paycheck Protection Program loan	-	(51,555)
Gain on disposal of equipment	(5,727)	-
Accrued interest on certificates of deposit	(1,620)	(207)
Net changes in other operating assets and liabilities:		
Promises to give	(275,851)	5,139
Grants receivable	9,846	(144,864)
Prepaid expenses and other assets	(349)	5,695
Accounts payable and other accrued expenses	(36,420)	7,363
Accrued payroll and compensated absences	(3,730)	1,293
Deferred grant revenue	(172,054)	82,792
Net cash (used in) provided by operating activities	<u>2,698</u>	<u>(141,732)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposit	-	102,688
Purchases of certificates of deposit	(180,000)	-
Proceeds from disposal of equipment	21,147	-
Purchases of property and equipment	(905)	(2,460)
Net cash (used in) provided by investing activities	<u>(159,758)</u>	<u>100,228</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(157,060)	(41,504)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>707,937</u>	<u>749,441</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 550,877</u></u>	<u><u>\$ 707,937</u></u>

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

WESTMINSTER HOME CONNECTION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Management and General	Total Expenses
	Repairs, Mobility Modifications, Declutter	Tornado Disaster Recovery	Total Program	Fundraising		
Client home expenses	\$ 610,426	\$ 22,568	\$ 632,994	\$ -	\$ -	\$ 632,994
Salaries and employee benefits	92,949	2,732	95,681	4,181	37,867	137,729
Occupancy	6,769	-	6,769	73	1,158	8,000
Case manager	26,200	-	26,200	-	-	26,200
Office and accounting services	3,513	-	3,513	-	73,067	76,580
Other professional services	6,000	3,000	9,000	-	18,000	27,000
Development and fundraising	-	-	-	11,492	-	11,492
Information technology	2,614	-	2,614	-	17,654	20,268
Minor tools and construction supplies	4,323	-	4,323	-	-	4,323
Food	507	-	507	-	1,707	2,214
Transportation	38,908	-	38,908	-	1,023	39,931
Insurance	14,102	-	14,102	-	5,214	19,316
Miscellaneous	7,623	-	7,623	-	19,045	26,668
Total expenses before depreciation expense	813,934	28,300	842,234	15,746	174,735	1,032,715
Depreciation expense	5,651	4,560	10,211	-	2,426	12,637
Total expenses	<u>\$ 819,585</u>	<u>\$ 32,860</u>	<u>\$ 852,445</u>	<u>\$ 15,746</u>	<u>\$ 177,161</u>	<u>\$ 1,045,352</u>

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

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

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

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

NOTE 1 – THE ENTITY

Westminster Home Connection (“Home Connection”) was established for the purpose of making critical home repairs and mobility modifications for older adults and persons with disabilities. In response to the March 3, 2020 tornados in Davidson and Wilson counties, Home Connection established a tornado recovery program that ran alongside the on-going program. Home Connection’s tornado recovery program was substantially completed on December 31, 2022.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2022 and 2021 in these financial statements refer to the year ended December 31, 2022 and 2021, respectively, unless otherwise noted.

Basis of Accounting

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

Financial Statement Presentation

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

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

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

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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

Cash and Cash Equivalents

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

Contributions and Promises to Give

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

Promises to give are recorded at fair value. The fair value of promises to give, which are payable within one year, is generally considered to be the same as the net realizable value of the promises. The fair value of promises to give, which are payable over a period greater than one year, is estimated by discounting the future cash flows using the current rate of the line of credit. At December 31, 2022 and 2021, this discount rate was 7.5%. The discount is amortized on the straight-line basis over the promise period, with the discount amortization being recorded as a component of contributions.

Home Connection uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific promises made. Promises to give are written off when deemed uncollectible. At December 31, 2022 and 2021, management deemed all promises to give to be fully collectible, and, therefore, no allowance has been recorded.

See Note 4 for further details.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue and Receivables

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

Home Connection uses the allowance method to determine uncollectible grants receivable. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific grants receivable. Grants receivable are written off when deemed uncollectible. At December 31, 2022 and 2021, management deemed all grants receivable to be fully collectible, and, therefore, no allowance has been recorded.

Property and Equipment

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

See Note 6 for further details.

Donated Facilities and Services

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

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

See Notes 5 and 8 for further details.

Income Taxes

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

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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

Functional Allocation of Expenses

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

Estimates

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

Events Occurring after Reporting Date

Home Connection has evaluated events and transactions that occurred between December 31, 2022 and March 2, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of December 31, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 550,877	\$ 707,937
Certificates of deposit, maturing within 12 months	181,620	-
Promises to give	379,329	103,478
Grants receivable	<u>162,848</u>	<u>172,694</u>
Financial assets available to meet general expenditures	<u>\$ 1,274,674</u>	<u>\$ 984,109</u>
Less amounts not available to be used within one year:		
Promises to give to be received in one to five years	<u>(231,500)</u>	<u>(55,000)</u>
Financial assets not available to be used within one year	<u>(231,500)</u>	<u>(55,000)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 1,043,174</u></u>	<u><u>\$ 929,109</u></u>

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

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 147,829	\$ 48,478
In one to five years	<u>257,500</u>	<u>58,000</u>
Gross promises to give	405,329	106,478
Less unamortized discount on promises to give	<u>(26,000)</u>	<u>(3,000)</u>
Promises to give, net	<u><u>\$ 379,329</u></u>	<u><u>\$ 103,478</u></u>

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

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 4 – PROMISES TO GIVE (CONTINUED)

Conditional grants and promises to give consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Qualifying expenses related to home repairs, mobility modifications and declutter services	\$ 73,418	\$ 287,575
Sustainability initiatives	-	20,000
Tornado damaged home repairs	-	10,271
Total conditional grants and promises to give	<u>\$ 73,418</u>	<u>\$ 317,846</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

Home Connection has an arrangement with WPC for dedicated office, storage and parking spaces located on the grounds of WPC. Home Connection uses copiers and similar office tools. The estimated fair value of facilities in the amount of \$8,000 has been reported in the accompanying Statements of Activities for both 2022 and 2021.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Vehicles, tools and equipment	\$ 66,226	\$ 100,339
Less accumulated depreciation	<u>(56,200)</u>	<u>(63,161)</u>
Property and equipment, net	<u>\$ 10,026</u>	<u>\$ 37,178</u>

NOTE 7 – LINE OF CREDIT

Home Connection has a revolving line of credit agreement with a financial institution with a maximum availability of \$50,000. Interest is payable monthly at the bank's index rate. The line of credit agreement expires on September 21, 2023, at which time all outstanding principal and accrued interest is payable. There were no outstanding advances under this line of credit at December 31, 2022 or 2021.

NOTE 8 – DONATED SERVICES

The estimated fair value of donated services, consisting of management, accounting and grant services, totaling \$54,000 and \$47,000 for 2022 and 2021, respectively, has been reported in the accompanying Statements of Activities.

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 9 – PAYCHECK PROTECTION PROGRAM PAYABLE

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

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

NOTE 10 – NET ASSETS

Net assets with donor restrictions have been restricted for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specified purpose:		
Critical home repairs, mobility modifications and declutter services	\$ 82,577	\$ 42,098
Tornado disaster recovery	3,296	16,324
Other	-	5,467
For the operations of subsequent years	389,000	128,100
Total net assets with donor restrictions	<u>\$ 474,873</u>	<u>\$ 191,989</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restrictions during 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Critical home repairs, mobility modifications and declutter services	\$ 47,868	\$ 42,054
Tornado disaster recovery	13,028	111,968
Operations	73,100	51,600
Other	5,467	5,773
Total net assets released from restrictions	<u>\$ 139,463</u>	<u>\$ 211,395</u>

WESTMINSTER HOME CONNECTION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 11 – FUNCTIONAL EXPENSES

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

NOTE 12 – EMPLOYEE BENEFIT PLAN

Home Connection has a Simple IRA plan (the "Plan") for its employees. Home Connection matches 3% of eligible employees' compensation. Home Connection matched \$3,295 and \$4,237 during 2022 and 2021, respectively.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Home Connection to concentrations of credit risk principally consist of promises to give. Promises to give represent concentrations of credit risk to the extent they are receivable from concentrated sources. At December 31, 2022, there were two promises to give representing 86% of the net promises to give. At December, 31, 2021, there was one promise to give representing 72% of the net promises to give.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

NOTE 15 – TORNADO DISASTER RECOVERY PROGRAM

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

The Community Foundation of Middle Tennessee's Middle Tennessee Emergency Response Fund has set aside a grant totaling \$1.125 million for the construction agencies in the Long-Term Recovery Groups. The construction agencies can request funding from the Community Foundation of Middle Tennessee for specific homes.

WESTMINSTER HOME CONNECTION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
DECEMBER 31, 2022 AND 2021**NOTE 16– REVENUE DETAILS**

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

	<u>2022</u>	<u>2021</u>
Revenues, support and gains without donor restrictions:		
Contributions:		
Foundations and corporations	\$ 380,001	\$ 374,452
Individuals	534,354	388,520
Government-Federal	-	51,555
Government-State	161,783	151,486
Government-Local	92,612	89,428
Investment Income	1,957	240
Revenue in-Kind	62,000	55,000
Other	5,727	-
Total revenues, support and gains without donor restrictions	<u>\$1,238,434</u>	<u>\$1,110,681</u>