

Goodlettsville Help Center, Inc. and Subsidiary

Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Goodlettsville Help Center, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Goodlettsville Help Center, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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).

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 audits. We conducted our audits 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 Goodlettsville Help Center, Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
August 16, 2021

Goodlettsville Help Center, Inc. and Subsidiary

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 137,580 | \$ 106,735 |
| Certificate of deposit | 51,409 | 50,000 |
| Prepaid expenses | 10,317 | 12,933 |
| Inventory | 58,352 | 40,756 |
| Total current assets | <u>257,658</u> | <u>210,424</u> |
| Property and equipment | | |
| Land | 100,000 | 100,000 |
| Building | 142,195 | 142,195 |
| Equipment | 19,717 | 22,967 |
| Improvements | 122,829 | 117,879 |
| Vehicles | 8,221 | 8,221 |
| Accumulated depreciation | <u>(147,009)</u> | <u>(138,826)</u> |
| Total property and equipment, net | <u>245,953</u> | <u>252,436</u> |
| Other assets | <u>3,782</u> | <u>3,782</u> |
| Total assets | \$ 507,393 | \$ 466,642 |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accrued expenses | \$ 3,379 | \$ 1,824 |
| Accrued payroll | <u>10,244</u> | <u>24,149</u> |
| Total current liabilities | <u>13,623</u> | <u>25,973</u> |
| Net assets without donor restrictions | <u>493,770</u> | <u>440,669</u> |
| Total liabilities and net assets | \$ 507,393 | \$ 466,642 |

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statements of Activities
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Net assets without donor restrictions | | |
| Support and Revenues | | |
| Fundraisers | \$ 400 | \$ 26,537 |
| Contributions and grants | 185,616 | 91,550 |
| Donated food, in-kind | 229,178 | 338,703 |
| Total support and revenues | <u>415,194</u> | <u>456,790</u> |
| Other Revenues | | |
| Interest income | 1,888 | 910 |
| Thrift store sales of donated goods | 285,047 | 275,849 |
| Furniture store sales of donated goods | - | 28,395 |
| Total other revenues | <u>286,935</u> | <u>305,154</u> |
| Total | 702,129 | 761,944 |
| Expenses | | |
| Program services | 554,076 | 697,628 |
| Management and general | 94,952 | 98,907 |
| Fundraising | - | 1,183 |
| Total expenses | <u>649,028</u> | <u>797,718</u> |
| Change in net assets | 53,101 | (35,774) |
| Net assets, beginning of year | 440,669 | 476,443 |
| Net assets, end of year | <u>\$ 493,770</u> | <u>\$ 440,669</u> |

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 |
| Salaries and Payroll Taxes | | | | | | |
| 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 salaries and payroll taxes | 38,523 | 164,342 | 202,865 | 48,165 | - | 251,030 |
| Functional 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 functional expenses | \$ 284,837 | \$ 269,239 | \$ 554,076 | \$ 94,952 | \$ - | \$ 649,028 |

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

| | Program services | | | Supporting services | | |
|-----------------------------------|-------------------------|---------------------|-------------------|-------------------------------|--------------------|-----------------------|
| | Help center | Thrift store | Total | Management and general | Fundraising | Total expenses |
| Salaries and Payroll Taxes | | | | | | |
| Salaries and wages | \$ 74,047 | \$ 114,628 | \$ 188,675 | \$ 42,108 | \$ - | \$ 230,783 |
| Payroll taxes | 4,901 | 8,394 | 13,295 | 4,932 | - | 18,227 |
| Total salaries and payroll taxes | 78,948 | 123,022 | 201,970 | 47,040 | - | 249,010 |
| Functional Expenses | | | | | | |
| Client services | 31,042 | 307 | 31,349 | - | - | 31,349 |
| Copier | - | - | - | 2,603 | - | 2,603 |
| Depreciation | 113 | 7,282 | 7,395 | 3,929 | - | 11,324 |
| Dues | - | - | - | 430 | - | 430 |
| Food | 341,489 | - | 341,489 | - | - | 341,489 |
| Fundraising | - | - | - | - | 1,183 | 1,183 |
| Insurance | 141 | 9,124 | 9,266 | 4,923 | - | 14,189 |
| Merchant fees | - | 7,182 | 7,182 | - | - | 7,182 |
| Other | - | 273 | 273 | 5,437 | - | 5,710 |
| Pest control | - | - | - | 1,160 | - | 1,160 |
| Postage | - | - | - | 284 | - | 284 |
| Professional fees | - | - | - | 9,100 | - | 9,100 |
| Rent | - | 67,650 | 67,650 | - | - | 67,650 |
| Repairs and maintenance | - | - | - | 3,865 | - | 3,865 |
| Supplies | - | - | - | 4,025 | - | 4,025 |
| Taxes and fees | - | - | - | 13 | - | 13 |
| Utilities | 462 | 29,835 | 30,297 | 16,098 | - | 46,395 |
| Vehicle | 757 | - | 757 | - | - | 757 |
| Total functional expenses | \$ 452,952 | \$ 244,676 | \$ 697,628 | \$ 98,907 | \$ 1,183 | \$ 797,718 |

Goodlettsville Help Center, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Cash, beginning of year | \$ 106,735 | \$ 179,165 |
| Cash flows from operating activities | | |
| Change in net assets | 53,101 | (35,774) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 11,433 | 11,324 |
| Change in: | | |
| Certificate of deposit | (1,409) | - |
| Prepaid expenses | 2,616 | (2,980) |
| Inventory | (17,596) | (3,619) |
| Accrued expenses | 1,555 | 334 |
| Accrued payroll | (13,905) | 15,533 |
| Net cash provided (used) by operating activities | <u>35,795</u> | <u>(15,182)</u> |
| Cash flows used from investing activities | | |
| Purchase of property and equipment | (4,950) | (7,248) |
| Purchase of certificate of deposit | <u>-</u> | <u>(50,000)</u> |
| | (4,950) | (57,248) |
| Net change in cash | <u>30,845</u> | <u>(72,430)</u> |
| Cash, end of year | \$ 137,580 | \$ 106,735 |

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019 was valued at \$1.74 and \$1.62 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, 2020 and 2019

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, 2020 and 2019 were \$277 and \$478, 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.

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to make them comparable to the 2020 financial statement presentation.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 2. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Financial assets | | |
| Cash | \$ 137,580 | \$ 106,735 |
| Certificate of deposit | <u>51,409</u> | <u>50,000</u> |
| Financial assets available to meet general expenditures over the next 12 months | \$ 188,989 | \$ 156,735 |

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

Inventories consist of the following at December 31:

| | 2020 | 2019 |
|--------------|------------------|------------------|
| Thrift store | \$ 30,315 | \$ 21,463 |
| Donated food | <u>28,037</u> | <u>19,293</u> |
| | \$ 58,352 | \$ 40,756 |

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, | |
|------------------------------------|-------------------|
| 2021 | \$ 52,800 |
| 2022 | 52,800 |
| 2023 | <u>44,000</u> |
| Total | \$ 149,600 |

Rent expense for the years ended December 31, 2020 and 2019 was \$58,200 and \$67,650, respectively.

Note 5. Concentration of Revenue Sources

During 2020 and 2019, the Organization received approximately 33% and 44%, respectively, of its total revenues from in-kind food donations. Food donations from a single donor comprised approximately 13% and 22% of total revenues in 2020 and 2019, respectively.

Goodlettsville Help Center, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

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. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on April 21, 2022. As long as the Organization submits its loan forgiveness application within 10 months of the end of the covered period, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the US Small Business Administration (SBA). If the loan is fully forgiven, the Organization will not be responsible for any payments.

The Organization has elected to treat the PPP loan as a conditional contribution in the financial statements. As of December 31, 2020, it recognized income in the amount of \$50,890 in contributions on the statement of activities as it believes the conditions for forgiveness have been substantially met.

Note 7. Subsequent Events

Management has evaluated subsequent events through August 16, 2021 the date on which the financial statements were available for issuance.