

TUCKER'S HOUSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2018

**TUCKER'S HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Tucker's House

We have audited the accompanying statement of financial position of Tucker's House as of December 31, 2018, and the related statement of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 consolidated 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 Tucker's House as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Thomason Financial Resources".

July 21, 2019

**TUCKER'S HOUSE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets

Cash and cash equivalents	\$ 79,107
Contributions receivable	51,871
Grants receivable	21,369
Equipment inventory	53,073
Total current assets	<u>\$ 205,420</u>

Property and Equipment (net of
accumulated depreciation of \$10,023)

6,008

Other Assets

Deposits	1,825
Total assets	<u><u>\$ 213,253</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 8,064
Accrued liabilities	1,978
Total current liabilities	<u>10,042</u>

Net Assets

Without donor restrictions	203,211
Total net assets	<u>203,211</u>
Total liabilities and net assets	<u><u>\$ 213,253</u></u>

The accompanying notes are an integral part of these financial statements

**TUCKER'S HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>
Public Support and Revenue	
Public Support:	
Contributions	\$ 264,163
In-kind contributions	70,819
Grant revenue	31,589
Special event revenue:	
Revenue	23,146
Less direct costs	(7,358)
Net revenue from special events	<u>15,788</u>
Total public support and revenue	<u>382,359</u>
Expenses	
Program services	294,647
Management and general	38,447
Fundraising	46,265
Total expenses	<u>379,359</u>
Change in net assets	3,000
Net assets at beginning of year	200,211
Net assets at end of year	<u><u>\$ 203,211</u></u>

The accompanying notes are an integral part of these financial statements

**TUCKER'S HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Flows From Operating Activities:

Change in net assets	\$ 3,000
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	2,273
Changes in operating assets and liabilities:	
Contributions receivable	(8,781)
Accounts receivable	18,954
Grants receivable	(4,874)
Equipment inventory	11,816
Deposits	(500)
Accounts payable	3,018
Accrued liabilities	(1,930)
Net cash provided by operating activities	<u>22,976</u>

Cash Flows From Investing Activities

Purchase of office equipment and leasehold improvements	(2,149)
Net cash used in investing activities	<u>(2,149)</u>
Net change in cash and cash equivalents	20,827
Cash and cash equivalents at beginning of year	58,280
Cash and cash equivalents at end of year	<u>\$ 79,107</u>

Supplemental disclosure of non-cash operating activities

In-kind contributions of construction labor and supplies	\$ 77,844
In-kind contributions of equipment	49,441
Total In-kind contributions	<u>\$ 127,285</u>

The accompanying notes are an integral part of these financial statements

**TUCKER'S HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 85,252	\$ 10,532	\$ 29,258	\$ 125,042
Payroll taxes	6,653	822	2,283	9,758
Total compensation	91,905	11,354	31,541	134,800
Program costs	176,438	-	-	176,438
Accounting	4,512	4,512	4,526	13,550
Contract services	7,513	-	-	7,513
Occupany expenses	5,065	5,065	5,080	15,210
Auto expenses	2,990	3,738	748	7,476
Insurance	3,152	3,152	-	6,304
Dues & subscriptions	-	6,096	-	6,096
Office supplies & services	-	1,986	662	2,648
Marketing	-	-	2,607	2,607
Telephone	1,282	769	513	2,564
Depreciation	1,136	1,137	-	2,273
Travel & meetings	551	34	103	688
Direct expenses of special events	-	-	7,358	7,358
Miscellaneous	103	604	485	1,192
Total expenses by function	294,647	38,447	53,623	386,717
Less: expenses netted with revenue on statement of activities;				
Direct expenses of special events	-	-	7,358	7,358
Total expenses by function	\$ 294,647	\$ 38,447	\$ 46,265	\$ 379,359
Current year's percentages	77.7%	10.1%	12.2%	100.0%

The accompanying notes are an integral part of these financial statements

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Tucker's House (the "Organization"), a nonprofit organization chartered in the State of Tennessee in 2009, partners with the families of children with disabilities by providing the home renovation and retrofitting services and resources necessary to make their homes safe and more accessible. For the year ended December 31, 2018, the Organization served 181 clients which includes the children and all their caregivers. Such service included performing 25 home assessments, 7 bathroom renovations, solid floor installations in 4 homes, 4 accessible closets, 3 ramps, lift systems in 11 homes, widening 26 doors, installing 1 deck and 1 driveway, building 5 accessible bedrooms and building 2 additions. The Organization is supported primarily through individual and business contributions, and local grants.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. There were no net assets with donor restrictions as of December 31, 2018.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. At December 31, 2018, the Organization had no cash equivalents.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 5 years for office furniture, computer equipment and vehicles, and 15 years for leasehold improvements. Expenditures for repairs and maintenance are charged to operations when incurred.

Use of Estimates

The preparation of financial statements in conformity with 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.

Grants Receivable

The Organization considers grants and contracts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable at December 31, 2018 are expected to be collected in less than one year and are reported at net realizable value.

Contributions

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Equipment Inventory

Equipment Inventory consists of equipment donated by the community for the use of placement in the home renovations and retrofitting services of the Organization's clients. Inventory is recorded at the fair market value at the date of donation and the method of determining inventory cost is first-in,-first-out (FIFO) method.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Change in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2).

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the related functions using a reasonable allocation method that is consistently applied, as follows:

- Salaries, wages and payroll taxes are allocated based on approximate time spent in activities related to the program and various support services, based on responsibilities assigned to personnel.
- Occupancy, and other office expenses that cannot be directly identified are also allocated pro-rata among the benefitting program and support services based on estimated usage.
- Travel, auto and meeting costs are allocated among the benefitting program and support services based on estimated utilization.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$205,420 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$79,107, and contributions and grants receivable of \$73,240, and equipment inventory of \$53,073. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$75,000. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

Vehicles	\$ 7,307
Office equipment and fixtures	3,575
Leasehold improvements	1,099
Computer equipment	<u>4,050</u>
	\$ 16,031
Less accumulated depreciation	<u>(10,023)</u>
	<u>\$ 6,008</u>

NOTE 4 – IN-KIND CONTRIBUTIONS

In-kind contributions received by the Organization are recorded based on their estimated value on the date of receipt. Donated construction labor and supplies are recorded as contributions at the date of gift and as program costs when the donated labor and supplies are placed into service. If the Organization receives a contribution of equipment, the contributed equipment is recognized as equipment inventory at its estimated fair value at the date of gift and as program costs when the donated equipment is placed into service.

The Organization received contributions of labor and supplies and equipment with an estimated fair value of \$77,844 and \$49,441, respectively, during the year ended December 31, 2018.

Approximately 230 individuals contributed significant amounts of time to the Organization's activities during the year ended December 31, 2018. The financial statements do not reflect the value of these services because they do not meet the recognition criteria prescribed by accounting principles generally accepted in the United States of America.

NOTE 5 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through July 21, 2019, the issuance of the Organization's financial statements.