Tucker’s House

Financial Statements
For the Year Ended December 31, 2022

Tucker's House
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BLANKENSHIP

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Opinion

We have audited the financial statements of Tucker's House (the Organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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

Blankenship CPA Group, PLLC
Columbia, Tennessee
August 14, 2023

Tucker's House
Statement of Financial Position
December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	$	239,351
Contributions receivable		7,750
Other receivable		10,000
Prepaid expenses		953
Equipment inventory		89,285
Total current assets		347,339
Fixed assets		
Furniture and equipment		10,350
Leasehold improvements		1,099
Vehichles		26,713
Accumulated depreciation		(21,147)
Fixed assets, net		17,015
Deposits		500
Total assets	**$**	**364,854**
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	960
Credit cards payable		3,405
Total current liabilities		4,365
Net assets		
Without donor restrictions		351,587
With donor restrictions		8,902
Total net assets		360,489
Total liabilities and net assets	**$**	**364,854**

Tucker's House

Statement of Activities

For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Contributions of financial and other assets	$ 497,354	$ -	$ 497,354
Contributions of nonfinancial assets	13,710	-	13,710
Grant revenue	28,820	12,500	41,320
Program service fees	70,311	-	70,311
Special event revenue	77,803	-	77,803
Miscellaneous income	578	-	578
Net assets released from restrictions	3,598	(3,598)	-
Total public support and revenues	692,174	8,902	701,076
Expenses			
Program services	539,331	-	539,331
Management and general	35,081	-	35,081
Fundraising	130,886	-	130,886
Total expenses	705,298	-	705,298
Change in net assets	(13,124)	8,902	(4,222)
Net assets, beginning of year	364,711	-	364,711
Net assets, end of year	**$ 351,587**	**$ 8,902**	**$ 360,489**

Tucker's House

Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program services	Management and general	Fundraising	Total
Salaries and related expenses				
Salaries	$ 230,540	$ 14,778	$ 50,246	$ 295,564
Payroll taxes	21,913	1,405	4,776	28,094
Total salary and related expenses	252,453	16,183	55,022	323,658
Accounting and auditing	10,655	10,654	10,654	31,963
Automobile expenses	6,226	-	-	6,226
Bank and credit card fees	786	-	7,078	7,864
Contract services	2,757	-	11,028	13,785
Depreciation	3,102	3,102	-	6,204
Dues and subscriptions	9,256	593	2,017	11,866
Insurance	4,987	1,247	-	6,234
Miscellaneous	7,465	479	1,627	9,571
Occupancy expenses	22,921	1,469	4,995	29,385
Office supplies	17,464	1,119	3,806	22,389
Program costs	197,588	-	-	197,588
Special events	-	-	33,858	33,858
Telephone	1,402	90	306	1,798
Travel and meetings	2,269	145	495	2,909
	$ 539,331	**$ 35,081**	**$ 130,886**	**$ 705,298**

Tucker's House

Statement of Cash Flows

For the Year Ended December 31, 2022

Cash and cash equivalents, beginning of year	$ 249,874
Cash flows from operating activities	
Change in net assets	(4,222)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	6,204
Change in:	
Contributions receivable	3,436
Other receivable	(3,127)
Prepaid expenses	3,916
Equipment inventory	(4,446)
Deposits	1,325
Accounts payable	(6,712)
Credit cards payable	3,115
Accrued liabilities	(12)
Deferred revenue	(10,000)
Net cash provided (used) by operating activities	(10,523)
Cash and cash equivalents, end of year	**$ 239,351**

Note 1. **Nature of Activities**

General
Tucker's House, (the Organization) is a Tennessee not-for-profit organization organized for the purpose of partnering 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. The Organization is financed primarily through contributions from the public, as well as local grants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Financial statement presentation follows the recommendations of accounting and financial supporting standards prescribed for not-for-profit organizations. Accordingly, net assets of the Organization, and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statements of cash flows, the Organization considers all unrestricted and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions and Contributions Receivable
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized.

Note 1. **Nature of Activities**

Contributions and Contributions Receivable

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Equipment Inventory

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

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value, if contributed. Such donations are reported as support without donor restrictions 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 equipment are reported as support with donor restrictions. 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 capitalizes property and equipment whose cost (fair value if donated) equals or exceeds $1,000. Improvements that increase the value or the estimated useful life of the asset are similarly capitalized. Depreciation is computed on the straight-line basis over the useful lives of the assets generally as follows:

Land improvements	10 – 15 years
Buildings and improvements	15 – 40 years
Equipment	5 – 15 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

Depreciation for the year ended amounted to $6,204.

Leases (New Accounting Standard Adopted in 2022)

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

Note 1. **Nature of Activities**

Leases (New Accounting Standard Adopted in 2022)
The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or year beginning January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is assigned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Contributions of Nonfinancial Assets
Donated supplies are reflected as contributions at their estimated fair value on the date of receipt. The contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteer services neither create nor enhance nonfinancial assets nor do they require specialized skills, and thus are not recognized as support in the accompanying statement of activities.

Income Taxes
The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a charitable organization. Accordingly, no provision for income tax has been made. US GAAP requires the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022, no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization could be subject to routine audits by taxing jurisdictions for the period of 2019 to the present; however, there are currently no audits for any tax periods in progress.

Note 1. **Nature of Activities**

Allocation of Functional Expenses

The cost 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:

- Payroll 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, accounting, 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 request 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.

Compensated Absences

The Organization has not accrued a liability for compensated absences since amounts cannot be reasonably estimated, and any amounts would be considered immaterial.

Note 2. **Liquidity and Availability**

The Organization's primary sources of support are revenues generated through contributions and grants. The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets (cash and cash equivalents and receivables) as of year end, reduced by amounts not available for general expenditures within one year:

Financial assets		
Cash and cash equivalents	$	239,351
Receivables		17,750
Financial assets available to meet cash needs for general expenditures within one year	**$**	**257,101**

Note 3. **Board-designated Net Assets**

The Organization's board-designated net assets are comprised of the following:

Operating reserve	$	45,000
Capacity expansion		10,000
Total board-designated net assets	**$**	**55,000**

Note 4. **Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes:

Operating support	$	7,500
Equipment		1,402
Total net assets with donor restrictions	**$**	**8,902**

Note 5. **Contributions of Nonfinancial Assets**

The following represents contributed nonfinancial assets:

Office supplies	$	13,710

Unless otherwise noted, the Organization did not recognize any contributions of nonfinancial assets with donor-imposed restrictions.

Contributed supplies were utilized for program services. The Organization estimated the fair value based on what it would cost the Organization to purchase the items from a retailer.

Note 6. **Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to credit risk consist of cash and cash equivalents and contributions receivable. The Organization maintains cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed FDIC limits. At year end, balances did not exceed federally insured limits. Contributions receivable consist of corporate and individual pledges for the annual campaign, which are widely dispersed to mitigate credit risk.

Note 7. **Commitments**

The Organization has an agreement with an outsourced bookkeeping firm to provide monthly accounting services. The contract includes accounting for all receipts, balancing the pledge cards and handling disbursements as authorized by the annual budget for a monthly fee. The agreement is renewed annually. Total payments in 2022 amounted to $17,165.

Note 8. **Subsequent Events**

Management has evaluated subsequent events through August 14, 2023, the date on which the financial statements were available for issuance.