

TUCKER'S HOUSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2016

**TUCKER'S HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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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, 2016, 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, 2016, 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 blue ink, appearing to read 'Kim Thomason', is written over a horizontal line.

March 17, 2017

**TUCKER'S HOUSE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS

Current Assets

Cash and cash equivalents	\$ 110,191
Contributions receivable	39,500
Grants receivable	8,965
Accounts receivable	7,500
Equipment inventory	45,160
Total current assets	<u>\$ 211,316</u>

Property and Equipment (net of
accumulated depreciation of \$5,761)

7,261

Total assets \$ 218,577

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable to related party	\$ 12,287
Accrued liabilities	2,148
Total current liabilities	<u>14,435</u>

Net Assets

Unrestricted	<u>204,142</u>
Total net assets	<u>204,142</u>

Total liabilities and net assets \$ 218,577

The accompanying notes are an integral part of these financial statements

**TUCKER'S HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>
Public Support and Revenue	
Public Support:	
Contributions	\$ 295,877
Grant Revenue	15,000
Special event revenue:	
Revenue	10,000
Less direct costs	<u>(4,117)</u>
Net revenue from special events	<u>5,883</u>
Total public support and revenue	<u>316,760</u>
Expenses	
Program services	312,341
Management and general	22,627
Fundraising	<u>24,350</u>
Total expenses	<u>359,318</u>
Change in net assets	<u>(42,558)</u>
Net assets at beginning of year	241,700
Prior period adjustment	<u>5,000</u>
Net assets at end of year	<u><u>\$ 204,142</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, 2016**

Cash Flows From Operating Activities:

Change in net assets	\$ (42,558)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	5,761
Changes in operating assets and liabilities:	
Accounts receivable	(8,965)
Grants receivable	(1,250)
Equipment inventory	2,840
Accounts payable to related party	12,287
Accounts payable - other	(780)
Accrued liabilities	1,861
Net cash used in operating activities	<u>(30,804)</u>

Cash Flows From Investing Activities

Purchase of office equipment	(2,140)
Net cash used in investing activities	<u>(2,140)</u>
Net change in cash and cash equivalents	(32,944)
Cash and cash equivalents at beginning of year	143,135
Cash and cash equivalents at end of year	<u>\$ 110,191</u>

Supplemental disclosure of non-cash operating activities

In-kind contributions of construction labor and supplies	\$ 91,394
In-kind contributions of equipment	53,745
Total in-kind contributions	<u>\$ 145,139</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, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 52,268	\$ 9,800	\$ 3,267	\$ 65,335
Payroll taxes	4,124	773	258	5,155
Total compensation	<u>56,392</u>	<u>10,573</u>	<u>3,525</u>	<u>70,490</u>
Program costs	84,075	-	-	84,075
Program costs - in-kind	147,979	-	-	147,979
Professional fees	-	3,990	20,400	24,390
Occupany expenses	7,596	-	-	7,596
Insurance	3,387	3,387	-	6,774
Local travel	4,125	-	-	4,125
Office supplies	-	3,400	-	3,400
Tools & equipment	1,975	-	-	1,975
Depreciation	4,609	864	288	5,761
Travel & meetings	292	55	18	365
Bank & credit card fees	650	122	40	812
Telephone	306	57	19	382
Miscellaneous	955	179	60	1,194
Special event expenses	-	-	4,117	4,117
Total expenses	<u>312,341</u>	<u>22,627</u>	<u>28,467</u>	<u>363,435</u>
Less: expenses netted with revenue on statement of activities:				
Special event expenses	-	-	(4,117)	(4,117)
Total expenses by function	<u>\$ 312,341</u>	<u>\$ 22,627</u>	<u>\$ 24,350</u>	<u>\$ 359,318</u>
Current year's percentages	86.93%	6.30%	6.78%	100.00%

The accompanying notes are an integral part of these financial statements

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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. 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:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted. When a restriction expires in a period after the contributions are received, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

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 temporarily or permanently restricted net assets as of December 31, 2016.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2016, 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.

Expenditures for repairs and maintenance are charged to operations when incurred.

Expense 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. Accordingly, certain costs have been allocated among programs and supporting services based on actual or estimated time employees spend on each function.

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.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 that are expected to be collected in less than one year are reported at net realizable value. All contributions are expected to be collected in less than one year.

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.

Accounts Receivable

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

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.

In-Kind Contributions

The Organization received contributions in a form other than cash or investments. Most are donated construction labor and supplies, which 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 \$91,394 and \$53,745, respectively, during the year ended December 31, 2016.

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition. Tax years that remain open to examination include years ended December 31, 2013 through December 31, 2016.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016:

Vehicles	\$ 7,307
Office equipment and fixtures	3,575
Computer equipment	<u>2,140</u>
	\$ 13,022
 Less accumulated depreciation	 <u>(5,761)</u>
	<u><u>\$ 7,261</u></u>

TUCKER'S HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 – RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2016, the Organization has one board director who provided home assessments for the home modification projects. The Organization paid this board director \$3,900 for these services. In addition, an Executive Director's family member provided and invoiced construction services amounting to \$12,287 for the year ended December 31, 2016. Related party payable at December 31, 2016 represents the \$12,287 due to the Executive Director's family member.

NOTE 4 – PRIOR PERIOD ADJUSTMENTS

During the year-ended December 31, 2015, the Organization received a restricted contribution in the amount of \$5,000 to purchase a vehicle. The vehicle was purchased during the year-ended December 31, 2015 but the purchase transaction was understated by this unrecorded \$5,000 contribution. This resulted in each an understatement of contribution revenue and an understatement of capitalized vehicles, for \$5,000.

The effect of this prior period adjustment resulted in an understatement of unrestricted net assets in the amount of \$5,000 as of December 31, 2015. Unrestricted net assets at December 31, 2015 were originally reported as \$241,700, but should have been \$246,700. The change in net assets for 2015 was originally reported as an increase of \$77,761, but should have been reported as an increase of \$82,761.

NOTE 5 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 17, 2017, the issuance of the Organization's financial statements.