



*(a not-for-profit organization)*

Annual Financial Statements  
and Supplementary Information

Year Ended June 30, 2021

*With summarized financial information as of June 30, 2020*

*Prepared by:*

*Lauka McGuire, PC* | CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

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|                                     |                  |
|-------------------------------------|------------------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> | <b>Page</b><br>1 |
| <b>FINANCIAL STATEMENTS:</b>        |                  |
| Statement of Financial Position     | 3                |
| Statement of Activities             | 4                |
| Statement of Operating Expenses     | 5                |
| Statement of Functional Expenses    | 6                |
| Statement of Cash Flows             | 7                |
| Notes to Financial Statements       | 8-15             |

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CERTIFIED PUBLIC ACCOUNTANTS

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Directors  
Tucker Maxon School  
Portland, Oregon

### ***Opinion***

We have audited the accompanying financial statements of the Tucker Maxon School, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, operating expenses, functional expenses, and cash flows for the years 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 Tucker Maxon School as of June 30, 2021, and the changes in their net assets and their cash flows for the years then ended in accordance 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 (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 Tucker Maxon School, 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 Tucker Maxon School's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are 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 Tucker Maxon School'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 Tucker Maxon School'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.

### **Report on Summarized Comparative Information**

We have previously audited Tucker Maxon School's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon  
November 15, 2021

# Tucker Maxon School (a not-for-profit organization)

## Statement of Financial Position

June 30, 2021

With Summarized Financial Information as of June 30, 2020

(See accompanying notes to the financial statements.)

|                                         | 2021                          |                            |                     | 2020                        |
|-----------------------------------------|-------------------------------|----------------------------|---------------------|-----------------------------|
|                                         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | (comparative only)<br>Total |
| <b>Assets</b>                           |                               |                            |                     |                             |
| Cash and equivalents                    | \$ 277,554                    | \$ 109,317                 | \$ 386,871          | \$ 553,862                  |
| Investments                             | 1,693,486                     |                            | 1,693,486           | 1,147,760                   |
| Receivables, net                        | 20,347                        | 100,000                    | 120,347             | 162,049                     |
| TMS OCF Endowment                       | -                             | 160,312                    | 160,312             | 103,425                     |
| Items for resale                        | 236                           |                            | 236                 | 615                         |
| Prepaid expenses                        | 73,851                        |                            | 73,851              | 60,349                      |
|                                         | 2,065,474                     | 369,629                    | 2,435,103           | 2,028,060                   |
| <b>Property and Equipment</b>           |                               |                            |                     |                             |
| Net of accumulated depreciation         | 977,947                       |                            | 977,947             | 735,155                     |
| <b>Total Assets</b>                     | <b>\$ 3,043,421</b>           | <b>\$ 369,629</b>          | <b>\$ 3,413,050</b> | <b>\$ 2,763,215</b>         |
| <b>Liabilities</b>                      |                               |                            |                     |                             |
| Accounts payable                        | \$ 33,579                     |                            | \$ 33,579           | \$ 25,851                   |
| PPP loan with the Small Business Admin  | 282,130                       |                            | 282,130             | 318,400                     |
| Prepaid tuition                         | 207,497                       |                            | 207,497             | 137,288                     |
| Accrued payroll liabilities             | 32,926                        |                            | 32,926              | 24,435                      |
| Balance on teacher contracts            | 89,655                        |                            | 89,655              | 68,674                      |
| <b>Total Liabilities</b>                | 645,787                       | -                          | 645,787             | 574,648                     |
| <b>Net Assets</b>                       |                               |                            |                     |                             |
| Without donor restriction               | 2,397,634                     |                            | 2,397,634           | 1,613,790                   |
| With donor restrictions                 |                               | 369,629                    | 369,629             | 574,777                     |
| <b>Total Net Assets</b>                 | 2,397,634                     | 369,629                    | 2,767,263           | 2,188,567                   |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 3,043,421</b>           | <b>\$ 369,629</b>          | <b>\$ 3,413,050</b> | <b>\$ 2,763,215</b>         |

# Tucker Maxon School (a not-for-profit organization)

## Statement of Activities

For the Year Ended June 30, 2021

With Summarized Financial Information as of June 30, 2020

(See accompanying notes to the financial statements.)

|                                           | 2021                          |                            |                     | 2020                        |
|-------------------------------------------|-------------------------------|----------------------------|---------------------|-----------------------------|
|                                           | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | (comparative only)<br>Total |
| <b>Revenue, Gains &amp; Other Support</b> |                               |                            |                     |                             |
| Program revenues                          | \$ 973,446                    |                            | \$ 973,446          | \$ 1,037,516                |
| Donations                                 | 743,761                       | 92,571                     | 836,332             | 1,416,696                   |
| SBA PPP loan forgiveness                  | 318,400                       |                            | 318,400             | -                           |
| Event and other revenue                   | 178,721                       |                            | 178,721             | 239,903                     |
| Event expenses                            | (14,812)                      |                            | (14,812)            | (15,086)                    |
| Investment income                         | 93,239                        | 35,034                     | 128,273             | 39,422                      |
| Financial assistance to students          | (56,755)                      |                            | (56,755)            | (201,715)                   |
|                                           | 2,236,000                     | 127,605                    | 2,363,605           | 2,516,736                   |
| Net assets released from restrictions     | 332,753                       | (332,753)                  | -                   | -                           |
| <b>Operating Expenses</b>                 |                               |                            |                     |                             |
| Program expenses                          | 1,363,876                     |                            | 1,363,876           | 1,404,627                   |
| General and administrative expenses       | 185,732                       |                            | 185,732             | 205,516                     |
| Development                               | 235,301                       |                            | 235,301             | 291,475                     |
|                                           | 1,784,909                     | -                          | 1,784,909           | 1,901,618                   |
| <b>Change in Net Assets</b>               | <b>783,844</b>                | <b>(205,148)</b>           | <b>578,696</b>      | <b>615,118</b>              |
| Net Assets, Beginning                     | 1,613,790                     | 574,777                    | 2,188,567           | 1,573,449                   |
| <b>Net Assets, Ending</b>                 | <b>\$ 2,397,634</b>           | <b>\$ 369,629</b>          | <b>\$ 2,767,263</b> | <b>\$ 2,188,567</b>         |

# Tucker Maxon School (a not-for-profit organization)

## Statement of Operating Expenses

For the Year Ended June 30, 2021

*With Summarized Financial Information as of June 30, 2020*

*(See accompanying notes to the financial statements.)*

|                                    | 2021                |                    |                   |                     | 2020                        |
|------------------------------------|---------------------|--------------------|-------------------|---------------------|-----------------------------|
|                                    | Program<br>expense  | General<br>& admin | Development       | Total               | (comparative only)<br>Total |
| Salaries and wages                 | \$ 957,746          | \$ 127,292         | \$ 175,428        | \$ 1,260,466        | \$ 1,342,960                |
| Employee benefits                  | 82,891              | 12,097             | 16,799            | 111,787             | 123,432                     |
| Qualified tuition reduction        | 21,550              | -                  | -                 | 21,550              | 25,300                      |
| Payroll taxes                      | 79,236              | 10,156             | 13,861            | 103,253             | 113,640                     |
| Professional fees                  | -                   | 9,000              | -                 | 9,000               | 8,850                       |
| Classroom/Supplies                 | 20,407              | 3,650              | -                 | 24,057              | 28,716                      |
| Depreciation                       | 65,692              | 7,299              | 8,110             | 81,101              | 68,921                      |
| Dues, bank fees, admin costs       | 9,016               | 4,892              | 489               | 14,397              | 15,592                      |
| Contract services, IT, advertising | 22,737              | -                  | 8,778             | 31,515              | 58,508                      |
| Janitorial services                | 13,914              | 1,546              | 1,718             | 17,177              | 13,593                      |
| Maintenance and supplies           | 40,501              | 4,500              | 5,000             | 50,002              | 41,240                      |
| Utilities                          | 20,053              | 2,228              | 2,476             | 24,757              | 30,346                      |
| Travel and mileage                 | 89                  | -                  | -                 | 89                  | 1,302                       |
| Insurance                          | 13,289              | 1,477              | 1,641             | 16,406              | 15,054                      |
| Books and subscriptions            | 11,463              | -                  | -                 | 11,463              | 678                         |
| Bad debt                           |                     | 537                |                   | 537                 | 9,077                       |
| Professional development           | 5,293               | 1,058              | 1,001             | 7,352               | 4,409                       |
|                                    | <b>\$ 1,363,876</b> | <b>\$ 185,732</b>  | <b>\$ 235,301</b> | <b>\$ 1,784,909</b> | <b>\$ 1,901,618</b>         |

# Tucker Maxon School (a not-for-profit organization)

## Statement of Functional Expenses

For the Year Ended June 30, 2021

With Summarized Financial Information as of June 30, 2020

(See accompanying notes to the financial statements.)

|                                 | 2021                                |                            |                        |                             | 2020                  |                                       |
|---------------------------------|-------------------------------------|----------------------------|------------------------|-----------------------------|-----------------------|---------------------------------------|
|                                 | Speech & Audiology Hearing Impaired | Education Hearing Impaired | Total Hearing Impaired | Education Typically Hearing | Total Program Expense | (comparative only)<br>Program Expense |
| Salaries and wages              | \$ 102,154                          | \$ 320,801                 | \$ 422,955             | \$ 534,791                  | \$ 957,746            | \$ 986,489                            |
| Employee benefits               | 9,512                               | 25,487                     | 34,999                 | 47,892                      | 82,891                | 89,987                                |
| Qualified tuition reduction     | -                                   | -                          | -                      | 21,550                      | 21,550                | 25,300                                |
| Payroll taxes                   | 8,569                               | 27,228                     | 35,797                 | 43,439                      | 79,236                | 85,535                                |
| Classroom supplies              | 3,764                               | 7,027                      | 10,791                 | 9,616                       | 20,407                | 25,188                                |
| Depreciation                    | 6,569                               | 27,590                     | 34,160                 | 31,532                      | 65,692                | 55,826                                |
| Dues, bank fees, admin costs    | 200                                 | 3,885                      | 4,085                  | 4,931                       | 9,016                 | 8,168                                 |
| Contract services, IT, advertis | 2,338                               | 11,680                     | 14,019                 | 8,719                       | 22,737                | 42,436                                |
| Janitorial services             | 1,391                               | 5,844                      | 7,235                  | 6,679                       | 13,914                | 11,011                                |
| Maintenance and supplies        | 4,050                               | 17,011                     | 21,061                 | 19,441                      | 40,501                | 33,404                                |
| Utilities                       | 2,005                               | 8,422                      | 10,427                 | 9,625                       | 20,052                | 24,580                                |
| Travel and mileage              | -                                   | 89                         | 89                     | -                           | 89                    | 902                                   |
| Insurance                       | 1,329                               | 5,581                      | 6,910                  | 6,380                       | 13,290                | 12,194                                |
| Books and subscriptions         | -                                   | 3,022                      | 3,022                  | 8,440                       | 11,462                | 678                                   |
| Professional development        | 385                                 | 2,255                      | 2,640                  | 2,653                       | 5,293                 | 2,929                                 |
|                                 | <b>\$ 142,266</b>                   | <b>\$ 465,922</b>          | <b>\$ 608,188</b>      | <b>\$ 755,688</b>           | <b>\$ 1,363,876</b>   | <b>\$ 1,404,627</b>                   |



# Tucker Maxon School (a not-for-profit organization)

## Statement of Cash Flows

For the Year Ended June 30, 2021

With Summarized Financial Information as of June 30, 2020

(See accompanying notes to the financial statements.)

|                                                                                                  | 2021                          |                            |                   | 2020                        |
|--------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|-------------------|-----------------------------|
|                                                                                                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             | (comparative only)<br>Total |
| <b>Cash Flows Relating to Operating Activities:</b>                                              |                               |                            |                   |                             |
| <b>Increase (decrease) in net assets</b>                                                         | <b>\$ 783,844</b>             | <b>\$ (205,148)</b>        | <b>\$ 578,696</b> | <b>\$ 615,118</b>           |
| Adjustments to reconcile increase in net assets<br>to net cash provided by operating activities: |                               |                            |                   |                             |
| Depreciation and amortization                                                                    | 81,101                        |                            | 81,101            | 68,921                      |
| Bad debt allowance                                                                               | 537                           |                            | 537               | 9,077                       |
| (Increase) decrease in operating assets                                                          |                               |                            |                   |                             |
| Accounts receivable, net                                                                         | 41,165                        |                            | 41,165            | 7,855                       |
| Items for resale                                                                                 | 379                           |                            | 379               | (316)                       |
| Prepaid expenses                                                                                 | (13,502)                      |                            | (13,502)          | 8,367                       |
| Increase (decrease) in operating liabilities                                                     |                               |                            |                   |                             |
| Accounts payable                                                                                 | 7,728                         |                            | 7,728             | (16,065)                    |
| Accrued payroll and payroll taxes                                                                | 8,491                         |                            | 8,491             | 6,837                       |
| Prepaid tuition                                                                                  | 70,209                        |                            | 70,209            | 12,424                      |
| Balance on teacher contracts                                                                     | 20,981                        |                            | 20,981            | (44,399)                    |
| <b>Net cash provided (used) by operating activities</b>                                          | <b>1,000,932</b>              | <b>(205,148)</b>           | <b>795,784</b>    | <b>667,819</b>              |
| <b>Cash Flows Relating to Investing Activities:</b>                                              |                               |                            |                   |                             |
| Purchase of property and equipment                                                               | (323,893)                     |                            | (323,893)         | (264,029)                   |
| Purchase of investments                                                                          | (412,416)                     |                            | (412,416)         | (412,416)                   |
| Purchase of TMS OCF Endowment funds                                                              |                               | (56,887)                   | (56,887)          | (77,182)                    |
| Reinvestments of investment income                                                               | (133,310)                     |                            | (133,310)         | (33,999)                    |
| <b>Net cash (used) by investing activities</b>                                                   | <b>(869,619)</b>              | <b>(56,887)</b>            | <b>(926,506)</b>  | <b>(787,626)</b>            |
| <b>Cash Flows Relating to Financing Activities:</b>                                              |                               |                            |                   |                             |
| PPP loan proceeds                                                                                | (36,270)                      |                            | (36,270)          | 318,400                     |
| <b>Net cash (used) by investing activities</b>                                                   | <b>(36,270)</b>               | <b>-</b>                   | <b>(36,270)</b>   | <b>318,400</b>              |
| <b>Net increase (decrease) in cash</b>                                                           | <b>95,044</b>                 | <b>(262,035)</b>           | <b>(166,991)</b>  | <b>198,593</b>              |
| <b>Cash, Beginning</b>                                                                           | <b>182,510</b>                | <b>371,352</b>             | <b>553,862</b>    | <b>355,269</b>              |
| <b>Cash , Ending</b>                                                                             | <b>\$ 277,554</b>             | <b>\$ 109,317</b>          | <b>\$ 386,871</b> | <b>\$ 553,862</b>           |

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE - 1 THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Activities

Tucker Maxon School (the School), is a not-for-profit organization incorporated in November, 1947 and located in Portland, Oregon. The School's primary purpose is to conduct and maintain a school in Portland, Oregon for the instruction and teaching of deaf and hearing children using the best and most progressive listening and spoken language methods available. Its programs include:

- An early intervention program for the families of deaf infants and toddlers
- A preschool for all children
- A kindergarten and elementary school for all children
- An audiology and speech-language therapy clinic
- Academic focus on science, technology, engineering, and math (STEM), social studies, literacy, and communication
- Strong focus on building social and emotional intelligence
- Art, music, PE, cultural studies, garden, and after school care
- Summer art camp

Revenues are primarily from donations and tuition.

### Basis of Accounting and Presentation

The financial statements of Tucker Maxon School have been prepared on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and classifies its activities into one of two classes of net assets, based on either the existence, or absence, of donor-imposed restrictions.

The two classes of net assets are as follows:

*Net assets without donor restrictions* – These net assets are available to finance the general operations of the organization.

*Net assets with donor restrictions* – These net assets result from contributions and other inflows of assets, the use of which is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Expirations of restrictions on net assets with donor restrictions, including reclassifications of restricted gifts and grants are reported as net assets released from 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.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Revenue Recognition and New Accounting Pronouncements

In accordance with the provisions of Accounting Standards Update (ASU) 2014-09 (Topic 606), *Revenue from Contracts with Customers*, and ASU 2018-08 (Topic 605) *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, Management evaluates the principles to be used for determining when revenue should be recognized, including performance obligations, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and disclosure requirements. The adoption of these pronouncements resulted in no significant changes in the way Tucker Maxon School recognizes revenues or expenses for the June 30, 2021 or 2020 year ends.

### Program Revenue

Program Revenue consists of tuition, audiology services, day care, summer camp, and related fees. Tuition and related fees are recognized as revenue over the course of the academic term or program for which it is earned and services are provided. Non-tuition related revenue is recognized as services are performed or goods are delivered.

Tuition paid in advance of the start of the school year is recorded as prepaid tuition.

The school provides financial aid to eligible students and records the aid as a reduction of income. Tuition remission for qualifying staff awarded as part of a compensation package are included in tuition income and reported separately as qualified employee tuition reduction expense.

### Donations and Event Revenue

The School follows FASB ASC 958 for recording income from donations and grants. Donations received as an exchange for services are recorded as revenue when the services are performed. Donations received for support of the School's programs are recorded without donor restriction unless there is a time or purpose restriction then the donation is recorded as donor restricted. Prior year donor restricted income is reported as released from restriction on the statement of activities when the donor restriction is satisfied. Restrictions received and satisfied in the same year are reported as income without donor restriction.

Pledges, including unconditional promises to give, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Pledges are reported in the statement of activities as additions to income with or without donor restriction based on the donor's intent. The School currently has only one pledge which is recorded at cost using the expected realizable value assuming collection within one year.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Income Taxes**

The School is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Therefore, no provision for income taxes has been included on the financial statements. U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if uncertain positions have been taken that more likely than not would not be sustained upon examination by taxing authorities.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the School considers all unrestricted, highly liquid investments, with an initial maturity of three months or less to be cash equivalents.

### **Items for Resale**

Items for resale consist of audiology-related supplies held for resale to students. They are valued at the lower of cost or market, based on the first-in, first-out method.

### **Accounts Receivable**

Revenue and accounts receivable are recorded when earned. Tuition invoices are due upon receipt and considered past due after 30 days. Interest on past due invoices is not charged. An allowance for bad debt account is used to estimate potential uncollectible accounts. The allowance account represents management's estimate on an individual by individual basis. Accounts are deemed uncollectible when all collection efforts have been made and the responsible party does not have the ability to pay. Accounts receivable are valued at their net realizable amount. At June 30, 2021, the allowance for doubtful accounts was \$10,000.

### **Property and Equipment**

Property and equipment acquisitions are recorded at cost. Property and equipment donated to the School for operating activity is recorded at fair value on the date of receipt. Small equipment purchases under \$1,500 with no significant determinable life are expensed currently.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Useful lives for property and equipment is as follows:

|                           |            |
|---------------------------|------------|
| Land and improvements     | 5-15 years |
| Building and improvements | 5-40 years |
| Equipment                 | 3-10 years |
| Software                  | 5 years    |

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs benefiting more than one program are allocated 81% to program costs, 9% to general and administrative costs, and 10% to fundraising. Costs for payroll and related expenses are charged to program, general and administrative, and fundraising based on time spent.

### Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the School with school activities and various committee assignments that are not recorded in the financial statements. The School received approximately 200 volunteer hours per year.

### Investments and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values using the fair value measurements on the statement of financial position. Unrealized gains and losses are recognized as gains and losses in the period the value changes.

Investment income is reported as income without donor restriction unless the donor places restrictions on the income. Investment income on the OCF funds are reported as donor restricted until distributed to the School. See note 8.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 2 INVESTMENTS

At June 30, 2021 and 2020, the market value of investments consisted of the following

| <b>Investment</b>       | <b>Fair Value<br/>2021</b> | <b>Fair Value<br/>2020</b> |
|-------------------------|----------------------------|----------------------------|
| Mutual Funds & ETF      | \$ 273,725                 | \$ 290,377                 |
| Bond Market Index       | 54,740                     | 72,102                     |
| Certificates of deposit | 517,043                    | 776,951                    |
| Money Market            | 847,978                    | 8,330                      |
| Total investments       | <u>\$ 1,693,486</u>        | <u>\$ 1,147,760</u>        |

Investment income for the fiscal year ended June 30, 2021 was \$128,272, including \$117,521 of realized and unrealized gains, and \$10,751 of dividends and interest income. Investment income for the fiscal year ended June 30, 2020 was \$128,272, including \$117,521 of realized and unrealized gains, and \$10,751 of dividends and interest income.

### Fair Value Measurement

Fair value is defined as the price that the School would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized below. All investments of the School are valued using level 1.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including management's assumptions in determining the fair value of investments).

## NOTE – 3 RECEIVABLES

Accounts receivable at June 30, 2021 and 2020 consist of the following:

|                              | <b>2021</b>       | <b>2020</b>       |
|------------------------------|-------------------|-------------------|
| Tuition and related services | \$ 30,347         | \$ 42,305         |
| Allowance for bad debts      | (10,000)          | (10,000)          |
| Pledge and grant receivable  | 100,000           | 129,744           |
|                              | <u>\$ 120,347</u> | <u>\$ 162,049</u> |

There were no significant receivables past-due over 60 days for tuition. The pledge receivable of \$100,000 is past-due but no allowance for uncollectible pledges has been recorded as management believes the pledge is still collectible in full based on communications with the donor. The pledge receivable is donor restricted for future financial aid.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021 and 2020:

|                           | <b>2021</b>              | <b>2020</b>              |
|---------------------------|--------------------------|--------------------------|
| Land                      | \$ 20,558                | \$ 20,558                |
| Land improvements         | 44,484                   | 44,484                   |
| Building and improvements | 1,916,215                | 1,601,513                |
| Equipment                 | 355,215                  | 346,024                  |
| Software                  | 16,468                   | 64,127                   |
|                           | <u>2,352,940</u>         | <u>2,076,707</u>         |
| Accumulated depreciation  | <u>(1,374,993)</u>       | <u>(1,341,551)</u>       |
|                           | <b><u>\$ 977,947</u></b> | <b><u>\$ 735,156</u></b> |

## NOTE – 5 BALANCE ON TEACHER CONTRACTS

The school year runs from September through June. Teacher salaries are negotiated based on individual expressions of intent for the school year. Payments of a majority of the salaries are made over a twelve month period beginning in September. There were two months remaining for the school years ended June, 2021 and 2020.

## NOTE – 6 RETIREMENT PLAN

The School may make voluntary contributions to a retirement plan on behalf of eligible employees to the Teachers Insurance and Annuity Association (TIAA). There was \$33,339 of retirement contributions made on behalf of employees for the fiscal year ended June 30, 2021 and \$55,435 for the year ended June 30, 2020.

## NOTE – 7 LOAN PAYABLE WITH THE US SMALL BUSINESS ADMINISTRATION

In response to the global economic impact caused by the Coronavirus pandemic, the US Small Business Administration (SBA) created the Payroll Protection Program (PPP) "forgivable loan" to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The loans are funded by the SBA through participating banks and are subject to specific conditions, which if met, will result in forgiveness of all or part of the loan. The School qualified for and received a PPP loan for \$318,400 on April 17, 2020. This loan was forgiven and recorded as income on November 30, 2020.

On February 1<sup>st</sup> 2021, the School received a 2<sup>nd</sup> PPP loan for \$282,130. Since forgiveness has not yet been granted for the second PPP loan as of June 30, 2021, the proceeds of this loan are presented as a loan payable. As of November 15, 2021, loan forgiveness has not been applied for. If all or a portion of the second PPP Loan is not forgiven, the School must make monthly payments, including interest at 1% per annum, beginning 10 months after the end of the borrower's loan forgiveness covered period.

# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 8 DONOR RESTRICTED NET ASSETS

### Net Assets Held in Perpetuity

#### Tucker Endowment Fund

Donor restricted net assets of \$7,500 are held in perpetuity. Earnings in excess of the original \$7,500 principal donation can be used when available for general operations of the School. The spending policy coincides with the donor requirements. As of June 2021 the funds were invested in cash equivalents.

#### Beneficial interest in Oregon Community Foundation funds (OCF)

A permanent endowment fund was established in January 2019 through Oregon Community Foundation (OCF). A total of \$126,250 in donations have been contributed to the fund. OCF makes endowment fund distributions at least annually of investment earnings. The payout rate set by OCF at June 30, 2021 was 4.35% of the average fair market value of the fund, based on a thirteen-quarter trailing average. The rate is reviewed annually by OCF's board of directors and may change from time to time prospectively. Investment income is recorded on the statement of financial position. Each fund of OCF is intended to be and shall be administered as a component fund of OCF. Investment fees for administration and investment management are assessed quarterly and netted against investment income on the statement of activities. The value of the account at June 30, 2021 was \$160,312 and is reported on the statement of financial position as a beneficial interest in TMS OCF Endowment. \$126,250 is held in perpetuity with \$34,062 of earnings held for disbursement according to the partner agreement. Earning distributions are reported as released from restriction when distributed.

### Other Donor Restricted Net Assets

Donor restricted net assets that are temporarily restricted by purpose or time are available for the following purposes at June 30, 2021 and 2020:

|                                      | <b>2021</b>              | <b>2020</b>              |
|--------------------------------------|--------------------------|--------------------------|
| Financial aid                        | \$ 100,000               | \$ 100,000               |
| Building improvements                | 20,000                   | 291,970                  |
| Event expense                        | 10,000                   | -                        |
| Summer Learning Fund                 | 33,696                   | -                        |
| Loss to Intervention                 | -                        | 36,386                   |
| Chalk art festival                   | 38,121                   | 35,496                   |
| OCF undistributed earnings           | 34,062                   | 3,425                    |
|                                      | <u>\$ 235,879</u>        | <u>\$ 467,277</u>        |
| Assets held in perpetuity            | 133,750                  | 107,500                  |
| Total assets with donor restrictions | <u><b>\$ 369,629</b></u> | <u><b>\$ 574,777</b></u> |



# Tucker Maxon School

Notes to Financial Statements  
June 30, 2021

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## NOTE – 9 LIQUIDITY and RESERVES

The School has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2021 and 2020, financial assets available for general expenditure within one year, reduced by amounts not available for general use because of donor restrictions or internal designations, are comprised of the following:

|                                                          | <b>2021</b>                | <b>2020</b>                |
|----------------------------------------------------------|----------------------------|----------------------------|
| Cash and cash equivalents                                | \$ 277,554                 | \$ 182,510                 |
| Investments in cash equivalents<br>maturing < a year     | 1,181,336                  | 776,952                    |
| Accounts receivable                                      | <u>20,347</u>              | <u>60,049</u>              |
| Financial assets available for operating<br>expenditures | <u><b>\$ 1,479,237</b></u> | <u><b>\$ 1,019,511</b></u> |

It is the intent of management to reserve a liquidity buffer (cash reserve) of no less than 50% of expenses for six months that is not invested to avoid risk. Other investments are held for long-term investments, however, the school can liquidate these investments should the need arise.

## NOTE – 10 CONCENTRATIONS

The School maintains its cash and investment accounts at multiple financial institutions. From time to time during the year the balances may subject the School to concentrations of risk if cash balances at any one bank exceed amounts insured by the Federal Deposit Insurance Corporation of \$250,000. As of June 30, 2021 there was \$3,554 over the FDIC limit.

Credit Risk – The pledge receivable of \$100,000 is from one family.

## NOTE – 11 MANAGEMENT’S REVIEW and EVALUATION OF SUBSEQUENT EVENTS

Tucker Maxon School has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

Beginning early in 2020 there was an outbreak of a coronavirus which continues to impact operations as of the issuance of this report and may continue for some time. Management continues to evaluate its risks in relation to the pandemic including disruptions and restrictions to employees’ ability to work and the ability of donors to fully participate in programs and financial support. Measures have been taken to monitor and mitigate the effects of the coronavirus such as safety and health measures for staff and students and securing the supply of materials that are essential to performance obligations. At the present time the ultimate future effects of these issues remain unknown.