



(a not-for-profit organization)

Annual Financial Statements
and Supplementary Information

Year Ended June 30, 2023

With summarized financial information as of June 30, 2022

Prepared by:

Lauka McGuire, PC | 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, 2023, 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
January 20, 2024

Tucker Maxon School

Statement of Financial Position

June 30, 2023

With Summarized Financial Information as of June 30, 2022

(See accompanying notes to the financial statements.)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Assets				
Cash and equivalents	\$ 429,013	\$ 60,125	\$ 489,138	\$ 224,669
Student accounts receivables, net	11,246		11,246	25,033
Pledge receivable		100,000	100,000	100,000
Investments	2,477,607		2,477,607	2,376,622
TMS OCF Endowment		165,148	165,148	156,352
Items for resale	297		297	297
Prepaid expenses	62,662		62,662	60,911
	2,980,825	325,273	3,306,098	2,943,884
Property and Equipment				
Net of accumulated depreciation	914,266		914,266	953,474
Total Assets	\$ 3,895,091	\$ 325,273	\$ 4,220,364	\$ 3,897,358
Liabilities				
Accounts payable	\$ 56,747	\$ -	\$ 56,747	\$ 76,270
Prepaid tuition	220,486		220,486	274,469
Accrued payroll liabilities	39,585		39,585	35,431
Balance on teacher contracts	113,990		113,990	80,913
Total Liabilities	430,808	-	430,808	467,083
Net Assets				
Without donor restriction	3,464,283		3,464,283	2,993,797
With donor restrictions		325,273	325,273	436,478
Total Net Assets	3,464,283	325,273	3,789,556	3,430,275
Total Liabilities and Net Assets	\$ 3,895,091	\$ 325,273	\$ 4,220,364	\$ 3,897,358

Tucker Maxon School

Statement of Activities

For the Year Ended June 30, 2023

With Summarized Financial Information as of June 30, 2022

(See accompanying notes to the financial statements.)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Revenue, Gains & Other Support				
Program revenues	\$ 1,411,404	\$ -	\$ 1,411,404	\$ 1,388,883
Donations	697,276	50,000	747,276	1,138,776
Employee Retention Tax Credit (ERTC)	211,370		211,370	-
SBA PPP loan forgiveness	-		-	282,130
Event and raffle revenue	116,662		116,662	144,514
Event expenses	(7,099)		(7,099)	(6,959)
Investment income	122,015	16,174	138,189	(116,764)
Financial assistance to students	(122,134)		(122,134)	(65,658)
	2,429,494	66,174	2,495,668	2,764,922
Net assets released from restrictions	177,379	(177,379)	-	-
Operating Expenses				
Program expenses	1,735,302		1,735,302	1,663,405
General and administrative expenses	231,073		231,073	223,626
Development	170,012		170,012	214,879
	2,136,387	-	2,136,387	2,101,910
Change in Net Assets	470,486	(111,205)	359,281	663,012
Net Assets, Beginning	2,993,797	436,478	3,430,275	2,767,263
Net Assets, Ending	\$ 3,464,283	\$ 325,273	\$ 3,789,556	\$ 3,430,275

Tucker Maxon School

Statement of Operating Expenses

For the Year Ended June 30, 2023

With Summarized Financial Information as of June 30, 2022

(See accompanying notes to the financial statements.)

	2023				2022
	Program expense	General & admin	Development	Total	(comparative only) Total
Salaries and wages	\$ 1,253,922	\$ 147,020	\$ 105,124	\$ 1,506,066	\$ 1,446,103
Employee benefits	107,222	11,526	8,681	127,429	151,961
Qualified tuition reduction	4,875	-	-	4,875	15,530
Payroll taxes	99,186	11,785	8,460	119,431	123,898
Professional fees	-	14,507	-	14,507	9,400
Classroom/Supplies	51,496	8,394	-	59,890	37,635
Depreciation	56,850	5,546	6,933	69,329	73,732
Dues, bank fees, admin costs	6,654	4,879	491	12,364	14,561
Contract services, IT, advertising	28,526	13,280	25,353	66,818	71,159
Janitorial services	20,530	2,003	2,504	25,037	22,011
Maintenance and supplies	46,755	4,561	5,702	57,018	71,529
Utilities	39,417	3,846	4,807	48,070	36,558
Travel and mileage	1,099	-	17	1,116	3,049
Insurance	15,285	1,491	1,865	18,641	17,503
Books and subscriptions	1,103	-	-	1,103	2,720
Bad debt	-	1,720	-	1,720	-
Professional development	2,382	515	75	2,972	4,560
	\$ 1,735,302	\$ 231,073	\$ 170,012	\$ 2,136,387	\$ 2,101,910

Tucker Maxon School

Statement of Functional Expenses

For the Year Ended June 30, 2023

With Summarized Financial Information as of June 30, 2022

(See accompanying notes to the financial statements.)

	2023				2022	
	Speech & Audiology Hearing Impaired	Education Hearing Impaired	Total Hearing Impaired	Education Typically Hearing	Total Program Expense	(comparative only) Program Expense
Salaries and wages	\$ 155,817	\$ 325,151	\$ 480,968	\$ 772,954	\$ 1,253,922	\$ 1,158,041
Employee benefits	10,828	29,791	40,619	66,603	107,222	108,492
Qualified tuition reduction	-	-	-	4,875	4,875	15,530
Payroll taxes	11,056	26,160	37,216	61,970	99,186	98,259
Classroom supplies	10,554	11,318	21,872	29,624	51,496	33,312
Depreciation	8,528	11,370	19,898	36,953	56,850	60,460
Dues, bank fees, admin costs	200	1,272	1,472	5,182	6,654	8,365
Contract services, IT, advertis	4,674	7,021	11,695	16,830	28,526	52,092
Janitorial services	3,080	4,106	7,186	13,345	20,530	18,049
Maintenance and supplies	7,013	9,351	16,364	30,391	46,755	58,654
Utilities	5,913	7,884	13,796	25,621	39,417	29,977
Travel and mileage	-	1,099	1,099	-	1,099	2,962
Insurance	2,293	3,057	5,350	9,935	15,285	14,352
Books and subscriptions	-	257	257	846	1,103	2,720
Professional development	-	809	809	1,573	2,382	2,140
	\$ 219,955	\$ 438,646	\$ 658,601	\$ 1,076,701	\$ 1,735,302	\$ 1,663,405

Tucker Maxon School

Statement of Cash Flows

For the Year Ended June 30, 2023

With Summarized Financial Information as of June 30, 2022

(See accompanying notes to the financial statements.)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Cash Flows Relating to Operating Activities:				
Increase (decrease) in net assets	\$ 470,486	\$ (111,205)	\$ 359,281	\$ 663,012
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation and amortization	69,329		69,329	73,732
Bad debt allowance	1,720		1,720	-
(Increase) decrease in operating assets				
Accounts receivable, net	12,067		12,067	(4,686)
Items for resale	-		-	(61)
Prepaid expenses	(1,751)		(1,751)	12,940
Increase (decrease) in operating liabilities				
Accounts payable	(19,523)		(19,523)	42,691
Accrued payroll and payroll taxes	4,154		4,154	2,505
Prepaid tuition	(53,983)		(53,983)	66,972
Balance on teacher contracts	33,077		33,077	(8,742)
PPP loan proceeds	-		-	(282,130)
Net cash provided (used) by operating activities	515,577	(111,205)	404,372	566,233
Cash Flows Relating to Investing Activities:				
Purchase of property and equipment	(30,121)		(30,121)	(49,259)
Purchase of investments	(647,956)		(647,956)	(647,956)
Purchase of TMS OCF Endowment funds	-	(24,970)	(24,970)	34,913
Reinvestments of investment income	546,971	16,174	563,145	(66,133)
Net cash (used) by investing activities	(131,106)	(8,796)	(139,902)	(728,435)
Net increase (decrease) in cash	384,470	(120,001)	264,469	(162,202)
Cash, Beginning	44,543	180,126	224,669	386,871
Cash, Ending	\$ 429,013	\$ 60,125	\$ 489,138	\$ 224,669

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE - 1 NATURE OF THE ORGANIZATION

Tucker Maxon School (the School), is a not-for-profit organization incorporated in November, 1947 and located in southeast Portland, Oregon. The School's primary purpose is to conduct and maintain a school 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 ages 3-5
- A kindergarten and elementary school for all children up to 5th grade
- An onsite audiology and speech-language therapy clinic
- An academic focus on communication, literacy, science, math (STEM), and social studies
- Teaching social and emotional intelligence
- Art, music, PE, cultural studies, garden, and after school care
- Tucker Arts Camp (awarded Best Summer Camp 2022)

Revenues are primarily from donations and tuition.

NOTE - 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2023

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 82% to program costs, 8% 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.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain functional income and expenses may be reclassified to conform to current year presentation.

Revenue Recognition

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.

Program Revenue

Program Revenue consists of tuition, audiology services, before and after 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.

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

In-Kind Contributions and Services

The estimated fair value of donated services is recorded if the services create or enhance nonfinancial assets or require specialized skills, are performed by an individual possessing those skills, and represent services that would have been purchased if not donated. In-kind contributions of materials are recorded at estimated fair value where there is an objective basis on which to value these contributions and where the contributions are an integral part of the School's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958. The School receives approximately 700 volunteer hours per year.

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, 2023, the allowance for doubtful accounts was \$3,000.

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 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.

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

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

Investments and Investment Income

Investments in marketable securities with readily determinable fair values in the statement of financial position. Net gains and losses on the investments include realized and unrealized gains and losses. Realized gains and losses from the sale of these investments are computed based on the difference between the proceeds received and the carrying value of the asset. Unrealized gains and losses result from changes in the market value of these investments. Investment income and gains restricted by a donor are reported as increases in donor restricted net assets until the restrictions are met (either by passage of time or by use) and then they are reclassified to net assets without restriction. Donor restricted investment income received and released in the same fiscal year are recorded as income without donor restriction. Investment income on the OCF funds are reported as donor restricted until distributed to the School.

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 3 INVESTMENTS

At June 30, 2023 and 2022, the investments consisted of the following:

INVESTMENTS AT FAIR VALUE

Investment	Fair Value 2023	Fair Value 2022
Stocks funds	\$ 521,830	\$ 403,441
Bond funds	82,064	82,692
Certificates of deposit	766,884	513,087
Money Market	589,016	874,000
Total investments at fair value	<u>\$ 1,959,794</u>	<u>\$ 1,873,220</u>

INVESTMENTS VALUED AT CONTRACT VALUE

Investment	Contract Value 2023	Contract Value 2022
Fixed Contract Annuities	\$ 517,813	\$ 503,402
TOTAL INVESTMENTS	<u>\$ 2,477,607</u>	<u>\$ 2,376,622</u>

ANNUITY TABLE

Description	Focused Growth-5, individual single premium deferred annuity	Focused Growth-3 individual single premium deferred annuity	MYGA 3 Year Guarantee Non Qualified	MYGA 4 Year Guarantee Non Qualified	MYGA 5 Year Guarantee Non Qualified
Effective date	3/29/2022	3/29/2022	3/28/2022	3/28/2022	3/28/2022
Maturity date	3/29/2027	3/29/2025	3/28/2025	3/28/2026	3/28/2027
Premium	150,000	100,000	50,000	100,000	100,000
Annual interest rate	3.10% 5 yr	2.55% 3 yr	2.65% 3 yr	2.90% 4 yr	3.15% 5 yr
Guaranteed minimum effectiveannual rate	0.10%	0.10%	0.10%	0.10%	0.10%
Minimum fund guaranteed rate	1.00%	1.00%	1.00%	1.00%	1.00%
Minimum fund % of premium	87.50%	87.50%	87.50%	87.50%	87.50%
Surrender charges years eff dateto maturity	9.4- 5.5%	9.4- 5.5%	10% - 8% 10% of	10% - 7% 10% of	10% - 6% 10% of
Withdrawal	begin at maturity	begin at maturity	maturity value w/o charge	maturity value w/o charge	maturity value w/o charge

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 3 INVESTMENTS *(continued)*

Annuity Market Values

Values of the annuity funds are the initial premium plus additional premiums paid after the contract effective date, plus interest, less net surrenders, less surrender charges and premium taxes.

The contract values are subject to market value adjustments (MVA). Generally, if interest rates rise after the beginning of the current market value adjustment period, the MVA will decrease the surrender value, and if interest rates fall, the MVA will increase the surrender value. The MVA is waived for any surrender or benefit payment for which charges are waived.

Investment Income

Investment income for the fiscal year ended June 30, 2023 was \$138,189, including \$71,865 of realized and unrealized gains, and \$66,324 of dividends and interest income. Investment income for the fiscal year ended June 30, 2022 was \$(116,765), including \$(134,594) of realized and unrealized gains, and \$17,829 of dividends and interest income.

NOTE – 4 INVESTMENT VALUATION MEASUREMENTS

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 for financial assets are described as follows:

Level 1 - Valuations are based on quoted prices that Tucker Maxon School has the ability to obtain in actively traded markets for identical assets. Since valuations are based on quoted prices that are readily and regularly available in an active market or exchange traded market, valuation of these instruments does not require a significant degree of judgment.

Level 2 - Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuations are based on model-based techniques for which some or all of the assumptions are obtained from indirect market information that is significant to the overall fair value measurement and which require a significant degree of management judgment.

All the investments measured at fair value are level 1 investments as of June 30, 2023 and 2022.

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 4 INVESTMENT VALUATION MEASUREMENTS *(continued)*

Contract Value Measurements

The annuity contracts held by the School are guaranteed investment contracts. The contract issuers are contractually obligated to repay the principal and interest at the specified interest rate that is guaranteed to the contracts. The crediting rate is based on a formula established by the contract issuer. The contracts cannot be terminated before the scheduled maturity dates and could incur surrender charges.

The School's ability to receive amounts due in accordance with the contracts are dependent on the third-party issuer's ability to meet its financial obligations which may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the contractor issuer. These events may be different under each contract.

NOTE – 5 RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

Tucker Maxon School maintains its cash and investment accounts at multiple financial institutions. From time-to-time during the year the balances may subject the organization 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, 2023 and 2022, the School had \$7,850 and \$5,777 respectively of uninsured balances at one institution. Tucker Maxon School invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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

NOTE – 6 RECEIVABLES

Accounts receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
STUDENT ACCOUNTS RECEIVABLE		
Tuition and related services	\$ 14,246	\$ 26,793
Allowance for bad debts	(3,000)	(1,760)
PLEDGES RECEIVABLE		
Pledge and grant receivable	100,000	100,000
	<u>\$ 111,246</u>	<u>\$ 125,033</u>

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 6 RECEIVABLES (continued)

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.

NOTE – 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 20,558	\$ 20,558
Land improvements	56,564	44,484
Building and improvements	1,979,003	1,962,475
Equipment	355,590	358,213
Software	10,888	16,468
	<u>2,422,603</u>	<u>2,402,198</u>
Accumulated depreciation	<u>(1,508,337)</u>	<u>(1,448,724)</u>
	<u>\$ 914,266</u>	<u>\$ 953,474</u>

NOTE – 8 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, 2023 and 2022.

NOTE – 9 SBA PPP LOAN FORGIVENESS

The School qualified for and received a 2nd PPP loan for \$282,130 on February 1st 2021. The loan was forgiven and recorded as income in the June 30, 2022 year end. No new PPP loans were received or forgiven in the fiscal year ended June 30, 2023.

NOTE – 10 EMPLOYEE RETENTION CREDITS

During the year ended June 30, 2023, Tucker Maxon determined it was eligible for the Employee Retention Credit (ERC) and as such amended its payroll tax returns. The School received refunds in the amount of \$211,370 with additional interest of \$25,508. Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the School's claim to the ERC, and it is not possible to determine the impact, (if any) this would have upon the School.

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 11 NET ASSETS WITH DONOR RESTRICTIONS

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 2023 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 \$158,750 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, 2023 was 4.22% 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, 2023 and 2022 was \$165,148 and \$156,352, respectively and is reported on the statement of financial position as a beneficial interest in TMS OCF Endowment. \$158,750 is held in perpetuity with a surplus in accumulated earnings of \$6,398 held for disbursement, according to the partner agreement. Earning distributions are reported as released from restriction when distributed. There was \$6,594 of earnings distributed during the year ending June 30, 2023.

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, 2023 and 2022:

	2023	2022
Financial aid	\$ 100,000	\$ 100,000
Speech language therapy	50,000	-
Listening & spoken language	-	160,000
Landscaping	-	10,000
Chalk art festival	2,625	2,625
OCF undistributed earnings	6,398	(2,397)
	<u>\$ 159,023</u>	<u>\$ 270,228</u>
Assets held in perpetuity	166,250	166,250
Total assets with donor restrictions	<u>\$ 325,273</u>	<u>\$ 436,478</u>

Tucker Maxon School

Notes to Financial Statements
June 30, 2023

NOTE – 12 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, 2023 and 2022, 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:

	2023	2022
Cash and cash equivalents-undesignated	\$ 429,013	\$ 44,543
Investments in cash equivalents maturing < a year	1,959,794	1,890,435
Accounts receivable	<u>11,246</u>	<u>25,033</u>
Financial assets available for operating expenditures	<u>\$ 2,400,053</u>	<u>\$ 1,960,011</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 – 13 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 \$40,845 of retirement contributions made on behalf of employees for the fiscal year ended June 30, 2023 and \$41,450 for the year ended June 30, 2022.

NOTE – 14 MANAGEMENT’S REVIEW and EVALUATION OF SUBSEQUENT EVENTS

Tucker Maxon School has evaluated subsequent events through January 20, 2024, the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.