



(a not-for-profit organization)

Annual Financial Statements
and Supplementary Information

Year Ended June 30, 2024

With summarized financial information as of June 30, 2023

Prepared by:

Lauka McGuire, PC | CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

INDEPENDENT AUDITOR'S REPORT	Page 1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Operating Expenses	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-17

Lauka McGuire, PC

CERTIFIED PUBLIC ACCOUNTANTS

3511 SE Milwaukie Ave.
Portland, OR 97202
Ph; 503-233-2177
Fx; 503-233-2184

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, 2024, 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, 2024, 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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
November 4, 2024

Tucker Maxon School

Statement of Financial Position

June 30, 2024

With Summarized Financial Information as of June 30, 2023

(See accompanying notes to the financial statements.)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Assets				
Cash and equivalents	\$ 438,866	\$ 7,500	\$ 446,366	\$ 489,138
Student accounts receivables, net	48,220		48,220	11,246
Grants and governmental receivables	291,841		291,841	-
Pledge receivable	-	100,000	100,000	100,000
Investments	2,598,488		2,598,488	2,477,607
TMS OCF Endowment	-	176,682	176,682	165,148
Items for resale	-		-	297
Prepaid expenses	76,392		76,392	62,662
	3,453,807	284,182	3,737,989	3,306,098
Property and Equipment				
Net of accumulated depreciation	847,740		847,740	914,266
Total Assets	\$ 4,301,547	\$ 284,182	\$ 4,585,729	\$ 4,220,364
Liabilities				
Accounts payable	\$ 19,639	\$ -	\$ 19,639	\$ 56,747
Owed to other organizations	4,395		4,395	-
Prepaid tuition	234,336		234,336	220,486
Accrued payroll liabilities	27,652		27,652	39,585
Balance on teacher contracts	100,754		100,754	113,990
Total Liabilities	386,776	-	386,776	430,808
Net Assets				
Without donor restriction	3,914,771		3,914,771	3,464,283
With donor restrictions	-	284,182	284,182	325,273
Total Net Assets	3,914,771	284,182	4,198,953	3,789,556
Total Liabilities and Net Assets	\$ 4,301,547	\$ 284,182	\$ 4,585,729	\$ 4,220,364

Tucker Maxon School

Statement of Activities

For the Year Ended June 30, 2024

With Summarized Financial Information as of June 30, 2023

(See accompanying notes to the financial statements.)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Revenue, Gains & Other Support				
Program revenues	\$ 1,335,888	\$ -	\$ 1,335,888	\$ 1,411,404
Donations	524,628	-	524,628	747,276
Employee Retention Tax Credit (ERTC)	263,380		263,380	211,370
Event and raffle income	297,005		297,005	116,662
Event expenses	(60,722)		(60,722)	(7,099)
Investment income	218,418	11,534	229,952	138,189
Financial assistance to students	(169,420)		(169,420)	(122,134)
	2,409,177	11,534	2,420,711	2,495,668
Net assets released from restrictions	52,625	(52,625)	-	-
Operating Expenses				
Program expenses	1,593,893		1,593,893	1,735,302
General and administrative expenses	232,386		232,386	231,073
Development	185,036		185,036	170,012
	2,011,314	-	2,011,314	2,136,387
Change in Net Assets	450,488	(41,091)	409,397	359,281
Net Assets, Beginning	3,464,283	325,273	3,789,556	3,430,275
Net Assets, Ending	\$ 3,914,771	\$ 284,182	\$ 4,198,953	\$ 3,789,556

Tucker Maxon School

Statement of Operating Expenses

For the Year Ended June 30, 2024

With Summarized Financial Information as of June 30, 2023

(See accompanying notes to the financial statements.)

	2024				2023
	Program expense	General & admin	Development	Total	(comparative only) Total
Salaries and wages	\$ 1,168,864	\$ 157,550	\$ 113,999	\$ 1,440,413	\$ 1,506,066
Employee benefits	90,545	11,693	8,385	110,623	127,429
Payroll taxes	90,227	12,141	8,421	110,789	119,431
Qualified tuition reduction	5,375	-	-	5,375	4,875
Professional fees	-	12,091	-	12,091	14,507
Classroom/Supplies	29,525	8,321	-	37,846	59,890
Depreciation	54,551	5,322	6,653	66,526	69,330
Dues, bank fees, admin costs	6,751	10,324	1,906	18,981	12,364
Contract services, IT, advertising	41,825	4,153	28,927	74,905	66,818
Janitorial services	20,049	1,956	2,445	24,450	25,037
Maintenance and supplies	32,655	3,186	3,982	39,823	57,018
Utilities	31,173	3,041	3,802	38,016	48,070
Travel and mileage	2,103	10	41	2,154	1,116
Insurance	17,049	1,663	2,080	20,792	18,641
Books and subscriptions	1,092	-	-	1,092	1,103
Bad debt	-	-	-	-	1,720
Professional development	2,109	934	-	3,043	2,972
Contributions to other organizations	-	-	4,395	4,395	-
	\$ 1,593,893	\$ 232,386	\$ 185,036	\$ 2,011,314	\$ 2,136,388

Tucker Maxon School

Statement of Functional Expenses

For the Year Ended June 30, 2024

With Summarized Financial Information as of June 30, 2023

(See accompanying notes to the financial statements.)

	2024				2023	
	Speech & Audiology Hearing Impaired	Education Hearing Impaired	Total Hearing Impaired	Education Typically Hearing	Total Program Expense	(comparative only) Program Expense
Salaries and wages	\$ 154,395	\$ 310,075	\$ 464,470	\$ 704,394	\$ 1,168,864	\$ 1,253,922
Employee benefits	13,079	25,873	38,952	51,593	90,545	107,222
Payroll taxes	11,939	23,984	35,923	54,304	90,227	99,186
Qualified tuition reduction	-	-	-	5,375	5,375	4,875
Classroom supplies	18,312	2,439	20,751	8,774	29,525	51,496
Depreciation	8,183	10,910	19,093	35,458	54,551	56,851
Dues, bank fees, admin costs	200	1,199	1,399	5,352	6,751	6,654
Contract services, IT, advertising	5,395	10,658	16,053	25,772	41,825	28,525
Janitorial services	3,007	4,010	7,017	13,032	20,049	20,530
Maintenance and supplies	4,898	6,531	11,429	21,226	32,655	46,755
Utilities	4,676	6,235	10,911	20,262	31,173	39,417
Travel and mileage	-	2,103	2,103	-	2,103	1,099
Insurance	2,557	3,410	5,967	11,082	17,049	15,285
Books and subscriptions	-	273	273	819	1,092	1,103
Professional development	-	416	416	1,693	2,109	2,382
	\$ 226,642	\$ 408,115	\$ 634,757	\$ 959,136	\$ 1,593,893	\$ 1,735,302

Tucker Maxon School

Statement of Cash Flows

For the Year Ended June 30, 2024

With Summarized Financial Information as of June 30, 2023

(See accompanying notes to the financial statements.)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	(comparative only) Total
Cash Flows Relating to Operating Activities:				
Increase (decrease) in net assets	\$ 450,488	\$ (41,091)	\$ 409,397	\$ 359,281
Adjustments to reconcile increase in net assets	-	-	-	-
to net cash provided by operating activities:	-	-	-	-
Depreciation and amortization	66,526	-	66,526	69,330
Bad debt allowance	-	-	-	1,720
(Increase) decrease in operating assets	-	-	-	-
Accounts receivable, net	(36,974)	-	(36,974)	12,067
Grants receivable	(291,841)	-	(291,841)	-
Items for resale	297	-	297	-
Prepaid expenses	(13,730)	-	(13,730)	(1,751)
Increase (decrease) in operating liabilities	-	-	-	-
Accounts payable	(37,108)	-	(37,108)	(19,523)
Owe to other organizations	4,395	-	4,395	-
Accrued payroll and payroll taxes	(11,933)	-	(11,933)	4,154
Prepaid tuition	13,850	-	13,850	(53,983)
Balance on teacher contracts	(13,236)	-	(13,236)	33,077
Net cash provided (used) by operating activities	130,734	(41,091)	89,643	404,372
Cash Flows Relating to Investing Activities:				
Purchase of property and equipment	(0)	-	(0)	(30,122)
Purchase of investments	(248,859)	-	(248,859)	(647,956)
Purchase of TMS OCF Endowment funds	-	(23,068)	(23,068)	(24,970)
Reinvestments of investment income	127,978	11,534	139,512	563,145
Net cash (used) by investing activities	(120,881)	(11,534)	(132,415)	(139,903)
Net increase (decrease) in cash	9,853	(52,625)	(42,772)	264,469
Cash, Beginning	429,013	60,125	489,138	224,669
Cash, Ending	\$ 438,866	\$ 7,500	\$ 446,366	\$ 489,138

Tucker Maxon School

Notes to Financial Statements

June 30, 2024

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 has been awarded one of the Top 100 Nonprofits in Oregon as well as one of the 100 Best Green Workplaces in 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), sustainability, 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 2024)

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, 2024

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, 2023, 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, 2024

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, 2024, 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, 2024

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.

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, 2024

NOTE – 3 INVESTMENTS

At June 30, 2024 and 2023, the investments consisted of the following:

INVESTMENTS AT FAIR VALUE

Investment	Fair Value 2024	Fair Value 2023
Stocks funds	\$ 604,964	\$ 521,830
Bond funds	130,751	82,064
Certificates of deposit	1,051,034	766,884
Money Market	279,217	589,016
Total investments at fair value	<u>\$ 2,065,966</u>	<u>\$ 1,959,794</u>

INVESTMENTS VALUED AT CONTRACT VALUE

Investment	Contract Value 2024	Contract Value 2023
Fixed Contract Annuities	\$ 532,522	\$ 517,813
TOTAL INVESTMENTS	<u>\$ 2,598,488</u>	<u>\$ 2,477,607</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% - 7%	10% - 6%
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, 2024

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, 2024 was \$229,952, including \$124,583 of unrealized gains, and \$106,642 of dividends and interest income. Investment income for the fiscal year ended June 30, 2023 was \$138,189, including \$71,865 of unrealized gains, and \$66,324 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, 2024 and 2023.

Tucker Maxon School

Notes to Financial Statements
June 30, 2024

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, 2024 and 2023, the School had \$79,850 and \$7,850 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, 2024 and 2023:

	2024	2023
STUDENT ACCOUNTS RECEIVABLE		
Tuition and related services	\$ 51,220	\$ 14,246
Allowance for bad debts	(3,000)	(3,000)
PLEDGES RECEIVABLE		
Pledge and grant receivable	100,000	100,000
ERTC credit receivable	291,841	-
	<u>\$ 440,061</u>	<u>\$ 111,246</u>

Tucker Maxon School

Notes to Financial Statements
June 30, 2024

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, 2024 and 2023:

	2024	2023
Land	\$ 20,558	\$ 20,558
Land improvements	56,564	56,564
Building and improvements	1,979,003	1,979,003
Equipment	355,590	355,590
Software	10,888	10,888
	<u>2,422,603</u>	<u>2,422,603</u>
Accumulated depreciation	<u>(1,574,863)</u>	<u>(1,508,337)</u>
	<u>\$ 847,740</u>	<u>\$ 914,266</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 most of the salaries are made over a twelve-month period beginning in September. There were two months remaining for the school years ended June, 2024 and 2023.

NOTE – 9 EMPLOYEE RETENTION CREDITS

During the year ended June 30, 2023, Tucker Maxon determined with an independent CPA it was eligible for the Employee Retention Credit (ERC) and as such amended its payroll tax returns. During the 2023 fiscal year, the School received refunds in the amount of \$211,370 with additional interest of \$25,508. For the fiscal year ended June 30, 2024, it is estimated that the School will receive \$263,380 in ERC and \$26,338 in interest. 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. As of the date of this report, the IRS has lifted its moratorium and has begun processing claims filed between September 14, 2023 and January 31, 2024.

Tucker Maxon School

Notes to Financial Statements
June 30, 2024

NOTE – 10 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 2024, 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, 2024 was 4.15% 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, 2024 and 2023 was \$176,682 and \$165,148, 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 \$17,932 held for disbursement, according to the partner agreement. Earning distributions are reported as released from restriction when distributed. There was \$7,210 of earnings distributed during the year ending June 30, 2024.

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, 2024 and 2023:

	2024	2023
Financial aid	\$ 100,000	\$ 100,000
Speech language therapy	-	50,000
Chalk art festival	-	2,625
OCF undistributed earnings	17,932	6,398
	<u>\$ 117,932</u>	<u>\$ 159,023</u>
Assets held in perpetuity	166,250	166,250
Total assets with donor restrictions	<u>\$ 284,182</u>	<u>\$ 325,273</u>

Tucker Maxon School

Notes to Financial Statements
June 30, 2024

NOTE – 11 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, 2024 and 2023, 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:

	2024	2023
Cash and cash equivalents-undesignated	\$ 438,866	\$ 429,013
Investments in cash equivalents maturing < a year	1,330,227	1,355,838
Accounts receivable	<u>48,223</u>	<u>11,246</u>
Financial assets available for operating expenditures	<u>\$ 1,817,316</u>	<u>\$ 1,796,097</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 stock, bond, and annuity investments are held for long-term investment; however, the school can liquidate these investments should the need arise.

NOTE – 12 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 \$40,464 of retirement contributions made on behalf of employees for the fiscal year ended June 30, 2024 and \$40,845 for the year ended June 30, 2023.

NOTE – 13 MANAGEMENT’S REVIEW and EVALUATION OF SUBSEQUENT EVENTS

Tucker Maxon School has evaluated subsequent events through November 4, 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.