

# **The Contributor, Inc.**

Financial Statements  
For the Year Ended December 31, 2022

**The Contributor, Inc.**  
Financial Statements  
For the Year Ended December 31, 2022

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## Independent Auditor's Report

Board of Directors  
The Contributor, Inc.

### Report on the Audit of the Financial Statements

#### **Opinion**

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

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

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts, and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
September 8, 2023

**The Contributor, Inc.**  
Statement of Financial Position  
December 31, 2022

**Assets**

|                             |                   |
|-----------------------------|-------------------|
| Cash                        | \$ 521,679        |
| Accounts receivable         | 233,532           |
| Other assets                | 3,102             |
| Property and equipment, net | <u>4,149</u>      |
| Total assets                | <b>\$ 762,462</b> |

**Liabilities and Net Assets**

|                                       |                   |
|---------------------------------------|-------------------|
| Liabilities                           |                   |
| Accounts payable and accrued expenses | \$ 2,708          |
| Net assets                            |                   |
| Without donor restrictions            | <u>759,754</u>    |
| Total liabilities and net assets      | <b>\$ 762,462</b> |

**The Contributor, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2022

**Support and Revenues**

|  |               |
|--|---------------|
| Newspaper sales, net of discounts                | \$ 40,861     |
| Contributions of cash and other financial assets |               |
| Grants   | 981,846       |
| Other contributions                              | 207,496       |
| Advertising income                               | <u>19,280</u> |
| Total support and revenues                       | 1,249,483     |

**Expenses**

|                        |               |
|------------------------|---------------|
| Program services       | 919,038       |
| Management and general | 89,086        |
| Fundraising            | <u>13,615</u> |
| Total expenses         | 1,021,739     |

|   |         |
|---|---------|
| Change in net assets without donor restrictions | 227,744 |
|---|---------|

|  |                   |
|--|-------------------|
| Net assets without donor restrictions, beginning of year | <u>532,010</u>    |
| Net assets without donor restrictions, end of year       | <b>\$ 759,754</b> |

**The Contributor, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

|                            | <b>Program<br/>services</b> | <b>Management<br/>and general</b> | <b>Fundraising</b> | <b>Total</b>        |
|----------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Advertising and promotions | \$ 5,072                    | \$ -                              | \$ 6,652           | \$ 11,724           |
| Contracted services        | 5,078                       | 27,429                            | -                  | 32,507              |
| Cost of good sold          | 490                         | -                                 | -                  | 490                 |
| Charitable donations       | 135                         | -                                 | -                  | 135                 |
| Database expense           | 4,928                       | -                                 | -                  | 4,928               |
| Depreciation               | -                           | 4,157                             | -                  | 4,157               |
| Insurance                  | -                           | 3,433                             | -                  | 3,433               |
| IT and communications      | -                           | 8,307                             | -                  | 8,307               |
| Miscellaneous              | 13,280                      | -                                 | -                  | 13,280              |
| Newspaper costs            | 100,842                     | -                                 | -                  | 100,842             |
| Office                     | -                           | 30,347                            | -                  | 30,347              |
| Payroll taxes              | 34,773                      | 463                               | 463                | 35,699              |
| Rent                       | -                           | 8,400                             | -                  | 8,400               |
| Salaries and wages         | 487,704                     | 6,500                             | 6,500              | 500,704             |
| Taxes and licenses         | -                           | 50                                | -                  | 50                  |
| Travel                     | 344                         | -                                 | -                  | 344                 |
| Vendor program gear        | 18,911                      | -                                 | -                  | 18,911              |
| Vendor support             | 247,481                     | -                                 | -                  | 247,481             |
|                            | <b>\$ 919,038</b>           | <b>\$ 89,086</b>                  | <b>\$ 13,615</b>   | <b>\$ 1,021,739</b> |

**The Contributor, Inc.**  
Statement of Cash Flows  
For the Year Ended December 31, 2022

|   |                   |
|---|-------------------|
| Cash, beginning of year   | \$ 285,346        |
| <b>Cash flows from operating activities</b>   |                   |
| Change in net assets  | 227,744           |
| Adjustments to reconcile change in net assets to<br>net cash provided (used) by operating activities: |                   |
| Depreciation  | 4,157             |
| Change in:  |                   |
| Accounts receivable   | 10,494            |
| Other assets  | (2,702)           |
| Accounts payable and accrued expenses   | (3,360)           |
| Net cash provided (used) by operating activities  | <u>236,333</u>    |
| Cash, end of year   | <b>\$ 521,679</b> |



**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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**Note 1. Organization and Nature of Activities**

The Contributor, Inc. (the Organization) is a Tennessee nonprofit corporation located in Nashville, Tennessee. The Organization publishes a newspaper in Nashville, Tennessee and surrounding areas that accomplishes the following: provides a diversity of perspectives and information on the condition of homelessness while highlighting the contributions of homeless and formerly homeless individuals, provides homeless and formerly homeless newspaper vendors with a source of income, and creates community between vendors and customers. Newspapers are sold exclusively by homeless and formerly homeless individuals. The Organization is supported primarily by newspaper sales and contributions and grants.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

**Financial Statement Presentation**

The financial statements are reported in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

**Use of Estimates**

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

**Cash**

The Organization's cash consists primarily of cash on deposit with financial institutions.

**Property and Equipment**

The Organization capitalizes all expenditures in excess of \$500 for property and equipment. Property and equipment acquisitions are carried at cost if purchased or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from three to five years. Expenditures for repairs and maintenance are expensed as incurred. Donations of property are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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**Note 2. Summary of Significant Accounting Policies**

**Revenue Recognition**

*Contributions of Cash and Other Financial Assets*

Contributions of cash and other financial assets are received and recorded as with or without donor restrictions depending on the existence of any donor restrictions. Contributions received and unconditional promises to give are measured at their estimated fair values and are reported as an increase in net assets. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is satisfied in the reporting period in which the contribution is recognized. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

*Contributions of Nonfinancial Assets*

Contributions of nonfinancial assets are reflected as revenue at fair value at the date of donation and is reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

*Grants*

Grants consist of amounts provided from grantors to fund certain programs and are accounted for as exchange transactions. Any amounts received in excess of related program expenditures are presented as deferred revenues.

**New Accounting Pronouncement**

In September 2020, the FASB issued Accounting Standards Update (ASU) Topic 958: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU was retroactively adopted by the Organization on January 1, 2022.

**Functional Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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**Note 2. Summary of Significant Accounting Policies**

**Leases (New Accounting Standard Adopted in 2022)**

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022. Leases are not material to the Organization's financial statements and, therefore, separate line-item presentation and additional disclosures are not presented.

**Advertising and Promotions**

The Organization expenses advertising costs as incurred. Advertising and promotions expenses totaled \$11,724 for the year.

**Note 3. Liquidity and Availability**

The following represents the Organization's financial assets:

|   |                   |
|---|-------------------|
| Financial assets  |                   |
| Cash  | \$ 521,679        |
| Accounts receivable   | <u>233,532</u>    |
| Total financial assets available to meet expenditures within one year | <b>\$ 755,211</b> |

As part of its liquidity plan, the Organization has a policy to structure its financial assets in order to have the funds available to meet its general expenditures, liabilities, and other obligations as they come due.

**Note 4. Property and Equipment**

Property and equipment consist of the following:

|                                |                 |
|--------------------------------|-----------------|
| Computer software and database | \$ 1,535        |
| Furniture and equipment        | 10,458          |
| Less: accumulated depreciation | <u>(7,844)</u>  |
| Property and equipment, net    | <b>\$ 4,149</b> |

**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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**Note 5. Concentrations**

The Organization maintains its cash in bank accounts that may at times exceed federally insured limits; however, the Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances as of year end totaled approximately \$272,000.

Substantially all newspaper-printing costs were purchased from one supplier during 2022.

Two grantors comprised approximately 78% of all support and revenue to the Organization during the year.

**Note 6. Prior Period Adjustment**

Net assets at the beginning of the year were understated and have been adjusted by \$237,201 resulting from accounts receivable that were not recorded in previous years related to the Organization's grants.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through September 8, 2023, the date on which the financial statements were available to be issued.

## **Compliance Information**

**The Contributor Inc.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

| Grantor / Pass-through Grantor  | Program name   | Assistance Listing | Contract number | Expenditures      |
|---|--|--------------------|-----------------|-------------------|
| <b>Federal Awards</b>   |  |                    |                 |                   |
| U.S. Department of Agriculture /<br>Tennessee Department of Human Services /<br>United Way of Greater Nashville | <u>SNAP Cluster</u><br>State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program | 10.561             | n/a             | \$ 317,718        |
| U.S. Department of Housing & Urban Development /<br>Metropolitan Development and Housing Agency                 | <u>CDGB-Entitlement Grants Cluster</u><br>COVID-19 - Community Development Block Grants/Entitlement Grants       | 14.218             | n/a             | 339,838           |
| Tennessee Housing Development Agency /<br>Metropolitan Development and Housing Agency                           | Emergency Solutions Grant Program  | 14.231             | n/a             | 26,633            |
| Metropolitan Development and Housing Agency   | COVID-19 - Emergency Solutions Grant Program   | 14.231             | n/a             | 98,146            |
| Metropolitan Development and Housing Agency   | COVID-19 - Emergency Solutions Grant Program   | 14.231             | n/a             | 176,759           |
|   |  |                    |                 | <u>301,538</u>    |
| Total expenditures of federal awards  |  |                    |                 | <b>\$ 959,094</b> |

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1. Basis of Presentation**

This schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal and state governments for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization. Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2. Indirect Cost Rate**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
The Contributor, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of The Contributor, Inc. (a not-for-profit organization, the Organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents, and have issued our report thereon dated September 8, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Organization's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
September 8, 2023





**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
The Contributor, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Contributor, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
September 8, 2023

**The Contributor, Inc.**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

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**Section I. Summary of Auditor's Results**

*Financial Statements*

|  |               |
|--|---------------|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP | Unmodified    |
| Internal control over financial reporting  |               |
| Material weakness identified?  | Yes           |
| Significant deficiency identified?   | None reported |
| Noncompliance material to financial statements noted?  | No            |

*Federal Awards*

|  |               |
|--|---------------|
| Internal control over major federal programs   |               |
| Material weakness identified?  | No            |
| Significant deficiency identified?   | None reported |
| Type of auditor's report issued on compliance for major federal programs                             | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | No            |
| Identification of major federal programs (Assistance Listing and name of federal program or cluster) |               |
| 14.218   CDGB-Entitlement Grants Cluster   |               |
| 14.231   Emergency Solutions Grant Program   |               |
| Dollar threshold used to distinguish between type A and type B programs                              | \$750,000     |
| Auditee qualified as low-risk auditee?   | No            |

**The Contributor, Inc.**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

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**Section II. Financial Statement Findings**

**Finding 2022-001 – Financial Reporting and Restatement of Net Assets**

*Condition/Context:* Net assets at the beginning of the year were understated resulting from accounts receivable that were not recorded in the previous year related to the Organization's grants.

*Criteria:* Adjustments to accounts receivable should be made annually to ensure related revenues are recorded in the proper period.

*Cause:* The Organization has grown and is adjusting to various aspects of accrual basis accounting.

*Effect:* Financial statements are inaccurate in relation to the accrual basis of accounting as grant-related revenues were not recognized when earned.

*Recommendation:* We recommend accounts receivable be recorded during the month grant-related revenues are earned rather than when the invoice is submitted to granting agencies.

*Management Response:* We agree with the finding and recommendation.

**Section III. Federal Award Findings and Questioned Costs**

None

**The Contributor, Inc.**  
Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2022

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Section I. **Financial Statement Findings**

There were no prior year findings reported.

Section II. **Federal Award Findings and Questioned Costs**

There were no prior year findings or questioned costs reported.



September 8, 2023

#### Management's Corrective Action Plan

The Contributor, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2022.

#### **Finding 2022-001 – Financial Reporting and Restatement of Net Assets**

*Condition/Context:* Net assets at the beginning of the year were understated resulting from accounts receivable that were not recorded in the previous year related to the Organization's grants.

*Criteria:* Adjustments to accounts receivable should be made annually to ensure related revenues are recorded in the proper period.

*Cause:* The Organization has grown and is adjusting to various aspects of accrual basis accounting.

*Effect:* Financial statements are inaccurate in relation to the accrual basis of accounting as grant-related revenues were not recognized when earned.

*Recommendation:* We recommend accounts receivable be recorded during the month grant-related revenues are earned rather than when the invoice is submitted to grantor agencies.

*Management Response:* We agree with the finding and recommendation. We have engaged an outside accounting firm to assist with monthly bookkeeping and accrual adjustments to help ensure that restatements are not required in future years.

*Person Responsible:* Cathy Jennings, Executive Director.

*Completion Date:* September 30, 2023