

# **The Contributor, Inc.**

Financial Statements  
For the Year Ended December 31, 2021

**The Contributor, Inc.**  
Financial Statements  
For the Year Ended December 31, 2021

**Contents**

<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



## **Independent Auditor's Report**

Board of Directors  
The Contributor, Inc.

### **Opinion**

We have audited the financial statements of The Contributor, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, 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, 2021, 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). 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 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 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.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
July 18, 2022

**The Contributor, Inc.**  
Statement of Financial Position  
December 31, 2021

**Assets**

Cash	\$ 285,346
Accounts receivable	6,825
Other assets	583
Property and equipment, net	<u>8,123</u>
Total assets	<b>\$ 300,877</b>

**Liabilities and Net Assets**

Liabilities	
Accounts payable and accrued expenses	\$ 6,068
Net assets	
Without donor restrictions	<u>294,809</u>
Total liabilities and net assets	<b>\$ 300,877</b>

**The Contributor, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2021

**Without Donor Restrictions**

**Support and Revenues**

Newspaper sales, net of discounts	\$ 42,891
Contributions	279,060
Grants	479,799
Advertising income	<u>18,865</u>
Total support and revenues	820,615

**Expenses**

Program services	680,160
Management and general	63,147
Fundraising	<u>13,348</u>
Total expenses	756,655

Change in net assets without donor restrictions	63,960
---	--------

Net assets without donor restrictions, beginning of year	<u>230,849</u>
Net assets without donor restrictions, end of year	<b>\$ 294,809</b>

**The Contributor, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Advertising and promotions	\$ 4,819	\$ -	\$ 3,872	\$ 8,691
Contracted services	-	9,645	-	9,645
Database expense	-	6,506	-	6,506
Depreciation	-	3,276	-	3,276
Insurance	-	1,673	-	1,673
IT and communications	-	7,682	-	7,682
Miscellaneous	3,086	-	-	3,086
Newspaper costs	96,143	-	-	96,143
Office	-	16,269	-	16,269
Payroll taxes	16,916	2,114	2,114	21,144
Rent	-	8,400	-	8,400
Salaries and wages	270,368	7,362	7,362	285,092
Supplies	3,510	-	-	3,510
Taxes and licenses	-	220	-	220
Travel	61	-	-	61
Vendor program gear	12,273	-	-	12,273
Vendor support	272,984	-	-	272,984
	<b>\$ 680,160</b>	<b>\$ 63,147</b>	<b>\$ 13,348</b>	<b>\$ 756,655</b>

**The Contributor, Inc.**  
Statement of Cash Flows  
For the Year Ended December 31, 2021

Cash, beginning of year	\$ 228,556
<b>Cash flows from operating activities</b>	
Change in net assets	63,960
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,276
Change in:	
Accounts receivable	(6,185)
Accounts payable and accrued expenses	2,201
Net cash provided (used) by operating activities	<u>63,252</u>
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(6,462)
Net change in cash	<u>56,790</u>
Cash, end of year	<b>\$ 285,346</b>



**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2021

---

**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 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 certain reported amounts and disclosures. 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, 2021

---

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

**Revenue Recognition**

Contributions 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.

In-kind support is reflected as contribution 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 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.

**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.

**Advertising and Promotions**

The Organization expenses advertising costs as incurred. Advertising expenses totaled \$8,691 for the year.

**Note 3. Liquidity and Availability**

The following represents the Organization's financial assets:

Financial assets	
Cash	\$ 285,346
Accounts receivable	<u>6,825</u>
Total financial assets available to meet expenditures within one year	<b>\$ 292,171</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.

**The Contributor, Inc.**  
Notes to Financial Statements  
For the Year Ended December 31, 2021

---

**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>(3,870)</u>
Property and equipment, net	<b>\$ 8,123</b>

**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 December 31, 2021 totaled approximately \$37,000.

Substantially all newspaper-printing costs were purchased from one supplier during 2021.

Two grantors comprised approximately 56% of all support and revenue to the Organization during the year.

**Note 6. Leases**

The Organization leases office space for \$700 each month. The lease may be canceled by providing 90 days' prior written notice. The future minimum lease payments for this space are as follows:

Year ended December 31,	
2022	\$ 8,400
2023	8,400
2024	8,400
2025	<u>8,400</u>
Total	<b>\$ 33,600</b>

Total rent expense for all operating leases were \$8,400 for the year.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through July 18, 2022, the date on which the financial statements were available to be issued.