

CORNER TO CORNER
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021

**CORNER TO CORNER
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Corner To Corner
Nashville, Tennessee

Opinion

We have audited the financial statements of Corner To Corner, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2021, and the related statements of support, revenues, and expenses – modified cash basis, cash flows – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets as of December 31, 2021, and its support, revenues, and expenses, cash flows and functional expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 Corner To Corner, 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1 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.

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 it 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 the 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 Corner To Corner'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 Corner To Corner'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.



June 19, 2022

**CORNER TO CORNER
STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2021**

ASSETS

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 825,116 |
| Grant receivable | 500,000 |
| Prepays | 15,000 |
| Computers and equipment (net of accumulated depreciation of \$4,169) | 2,496 |
| Total assets | <u>\$ 1,342,612</u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------|----------------|
| Due to third party | \$ 106,791 |
| Accrued liabilities | 340 |
| Total liabilities | <u>107,131</u> |

Net Assets

| | |
|----------------------------------|---------------------|
| Without donor restrictions | 551,481 |
| With donor restrictions | 684,000 |
| Total net assets | <u>1,235,481</u> |
| Total liabilities and net assets | <u>\$ 1,342,612</u> |

The accompanying notes are an integral part of these financial statements

CORNER TO CORNER
STATEMENT OF SUPPORT, REVENUES, AND EXPENSES
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenue | | | |
| Public support: | | | |
| Contributions | \$ 650,695 | \$ 62,136 | \$ 712,831 |
| Government grant income | - | 500,000 | 500,000 |
| Other grant income | 190,123 | - | 190,123 |
| Total public support | <u>840,818</u> | <u>562,136</u> | <u>1,402,954</u> |
| Other revenue: | | | |
| Program material fees | 20,828 | - | 20,828 |
| Fund administrator fee | 9,158 | - | 9,158 |
| Interest income | 447 | - | 447 |
| Total other revenue | <u>30,433</u> | <u>-</u> | <u>30,433</u> |
| Net assets released from restrictions | - | - | - |
| Total public support and other revenue | <u>871,251</u> | <u>562,136</u> | <u>1,433,387</u> |
| Expenses | | | |
| Program services: | | | |
| The Academy | 443,744 | - | 443,744 |
| Script To Screen | 53,574 | - | 53,574 |
| Hope Bakes | 18,567 | - | 18,567 |
| Bible Studies | 22,960 | - | 22,960 |
| The Coalition | 28,472 | - | 28,472 |
| Tornado Recovery | 43,740 | - | 43,740 |
| Total program services | <u>611,057</u> | <u>-</u> | <u>611,057</u> |
| Supporting services: | | | |
| Management and general | 81,669 | - | 81,669 |
| Fundraising | 75,825 | - | 75,825 |
| Total supporting services | <u>157,494</u> | <u>-</u> | <u>157,494</u> |
| Total expenses | <u>768,551</u> | <u>-</u> | <u>768,551</u> |
| Change in net assets | <u>102,700</u> | <u>562,136</u> | <u>664,836</u> |
| Net assets at beginning of year | 448,781 | 121,864 | 570,645 |
| Net assets at end of year | <u>\$ 551,481</u> | <u>\$ 684,000</u> | <u>\$ 1,235,481</u> |

The accompanying notes are an integral part of these financial statements

CORNER TO CORNER
STATEMENT OF FUNCTIONAL EXPENSES
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Program Services | | | | | | | Supporting Services | | | |
|----------------------------|------------------|------------------|------------|---------------|---------------|-----------------|------------------------|------------------------|-------------|---------------------------|----------------|
| | The Academy | Script To Screen | Hope Bakes | Bible Studies | The Coalition | Tomado Recovery | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Salaries | \$ 214,409 | \$ 33,000 | \$ 14,139 | \$ 17,965 | \$ 22,584 | \$ - | \$ 302,097 | \$ 44,393 | \$ 38,797 | \$ 83,190 | \$ 385,287 |
| Employee benefits | 16,998 | 3,660 | 664 | 1,768 | 1,189 | - | 24,279 | 2,013 | 3,038 | 5,051 | 29,330 |
| Payroll taxes | 15,693 | 2,068 | 1,142 | 1,395 | 1,731 | - | 22,029 | 3,465 | 3,233 | 6,698 | 28,727 |
| Total compensation | 247,100 | 38,728 | 15,945 | 21,128 | 25,504 | - | 348,405 | 49,871 | 45,068 | 94,939 | 443,344 |
| Contract labor | 25,235 | - | 333 | - | - | - | 25,568 | - | - | - | 25,568 |
| Program supplies | 61,132 | 6,322 | 563 | 105 | 649 | - | 68,771 | 1,404 | 10,464 | 11,868 | 80,639 |
| Events expense | 24,130 | 5,194 | 60 | - | 278 | - | 29,662 | - | 14,470 | 14,470 | 44,132 |
| Awards and gifts | 8,313 | - | - | - | - | - | 8,313 | 1,983 | - | 1,983 | 10,296 |
| Grants expense | - | - | - | - | - | 43,740 | 43,740 | - | - | - | 43,740 |
| Accounting | 14,667 | - | - | - | - | - | 14,667 | 2,405 | - | 2,405 | 17,072 |
| Insurance | - | - | - | - | - | - | - | 609 | - | 609 | 609 |
| Advertising | 29,034 | 3,330 | - | - | 650 | - | 33,014 | 54 | 1,950 | 2,004 | 35,018 |
| Facility expense | 12,130 | - | - | - | - | - | 12,130 | 3,219 | - | 3,219 | 15,349 |
| Technology | 10,836 | - | - | - | - | - | 10,836 | 5,375 | - | 5,375 | 16,211 |
| Payroll fees | 1,313 | - | 177 | 149 | 283 | - | 1,922 | 609 | 486 | 1,095 | 3,017 |
| Bank fees | - | - | - | - | - | - | - | 9,682 | - | 9,682 | 9,682 |
| Bad debt expense | 5,085 | - | - | - | - | - | 5,085 | - | - | - | 5,085 |
| Miscellaneous | 4,769 | - | 1,489 | 1,578 | 1,108 | - | 8,944 | 4,945 | 3,387 | 8,332 | 17,276 |
| Depreciation | - | - | - | - | - | - | - | 1,513 | - | 1,513 | 1,513 |
| Total expenses by function | \$ 443,744 | \$ 53,574 | \$ 18,567 | \$ 22,960 | \$ 28,472 | \$ 43,740 | \$ 611,057 | \$ 81,669 | \$ 75,825 | \$ 157,494 | \$ 768,551 |
| Current year's percentages | 57.74% | 6.97% | 2.42% | 2.99% | 3.70% | 5.69% | 79.51% | 10.63% | 9.87% | 20.49% | 100.00% |

The accompanying notes are an integral part of these financial statements

**CORNER TO CORNER
STATEMENT OF CASH FLOWS
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Flows From Operating Activities:

| | |
|--|--------------------------|
| Change in net assets | \$ 664,835 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,513 |
| Changes in operating assets and liabilities: | |
| Grant receivable | (500,000) |
| Prepays | (15,000) |
| Due to third parties | 91,791 |
| Accrued liabilities | 340 |
| Net cash provided by operating activities | <u>243,479</u> |
| Net change in cash and cash equivalents | 243,479 |
| Cash and cash equivalents at beginning of year | 581,637 |
| Cash and cash equivalents at end of year | <u><u>\$ 825,116</u></u> |

The accompanying notes are an integral part of these financial statements

**CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Corner To Corner (the “Organization”) is a not-for-profit organization located in Nashville, Tennessee. The Organization’s purpose is to extend the hope of Christ in gospel word and loving deeds. The Organization works toward Educational Equity and Economic Equity in the city of Nashville, partnered with neighbors, through creative programming like The Academy and Script to Screen. The Academy equips minority entrepreneurs with the tools they need to plan, start, and grow their own small business. Script to Screen helps kids fall in love with reading through their love of movies. The Organization focuses on education and economic equity because Jesus calls them to love their neighbor as they love themselves.

The Organization is supported primarily through individual, corporate and foundation contributions.

Basis of Accounting – Modified Cash

The Organization’s policy is to prepare its financial statements on the modified cash basis. Under this basis, which differs from accounting principles generally accepted in the United States of America, revenue is generally recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred. Net assets and support, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

**CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Support and Revenue

The Organization receives contributions from the public to fund its operations. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Grants Receivable

The Organization considers grants receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 5 years for equipment and 3 years for computers. Expenditures for repairs and maintenance are charged to operations when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$35,018 for the year ended December 31, 2021.

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of support, revenues, and expenses and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries, wages and benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, are:

Financial assets:

| | |
|---|------------------|
| Cash and cash equivalents | \$825,116 |
| Purpose-restricted net assets(see Note 6) | (184,000) |
| Due to third-party | <u>(106,791)</u> |

| | |
|---|------------------|
| Available for general expenditures within one year | <u>\$534,325</u> |
|---|------------------|

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

**CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 – CONCENTRATION OF RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.

NOTE 4– DIRECT APPROPRIATION GRANT

In July 2021, the Organization was awarded a \$500,000 direct appropriation grant from the State of Tennessee for the Organization’s general operations. As of December 31, 2021, these funds had not yet been received by the Organization and as such, are reported in the statement of assets, liabilities, and net assets as a grant receivable. Subsequent to December 31, 2021, in February 2022, the \$500,000 in grant funds were received by the Organization.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

| | |
|-------------------------------|-----------------|
| Computers | \$ 5,099 |
| Office equipment | <u>1,566</u> |
| | \$ 6,665 |
| Less accumulated depreciation | <u>(4,169)</u> |
| | <u>\$ 2,496</u> |

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of the following at December 31, 2021, for the following purposes and time periods:

Purpose restriction:

| | |
|---------------------------|-------------------|
| The Academy | \$ 163,141 |
| Script To Screen | 18,859 |
| Hope Fund | <u>2,000</u> |
| Total purpose restriction | <u>\$ 184,000</u> |

Time restriction:

| | |
|---|-------------------|
| Government grant receivable which is unavailable for spending until due | <u>\$ 500,000</u> |
| Total | <u>\$ 684,000</u> |

**CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 –PARTICIPATORY GRANT PROGRAM

In July 2021, the Organization entered into fiscal agent agreement with a participatory grant committee, sponsored by two local private foundations. As such, the Organization received a total of \$148,450 in 2021 from local private foundations for the purpose of disbursing funds to local organizations, businesses, and individuals that live or work in zip code 37208. The participatory grant committee makes the funding decisions and the Organization's sole responsibility under this agreement is to disburse the funds upon the participatory grant committee's written requests of selected grantees. The fiscal agent agreement stipulates the Organization receives an initial administrative fee of 5% of the total fund from the initial two private foundations starting the fund and 7.5% for future contributions from any other donors. During fiscal year ended December 31, 2021, the Organization earned and received \$9,158 in fund administrator fees and is reported as other revenue in the statement of support, revenues, and expenses. As of December 31, 2021, \$106,791 is balance of funds not yet distributed and is reported in the statement of assets, liabilities, and net assets as due to third party.

NOTE 8 –OTHER RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2022.

NOTE 9 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through June 19, 2022, the issuance of the Organization's financial statements.