

The Contributor, Inc.

FINANCIAL STATEMENTS

December 31, 2013 and 2012



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIncpa.com | blog.cricpa.com

The Contributor, Inc.
Table of Contents
December 31, 2013 and 2012

Independent Auditors' Report	1
Statements of Financial Position as of December 31, 2013 and 2012	3
Statements of Activities for the Years Ended December 31, 2013 and 2012	4
Statements of Functional Expenses for the Years Ended December 31, 2013 and 2012	6
Statements of Cash Flows for the Years Ended December 31, 2013 and 2012	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Contributor, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of The Contributor, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Contributor, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram

CARR, RIGGS & INGRAM, LLC
Nashville, Tennessee
September 9, 2014

The Contributor, Inc.
Statements of Financial Position

<i>December 31,</i>	2013	2012
ASSETS		
Cash	\$ 272,555	\$ 78,691
Contributions receivable	50,863	17,973
Other current assets	-	224
Property and equipment	36,563	6,931
TOTAL ASSETS	\$ 359,981	\$ 103,819
LIABILITIES		
Accounts payable and accrued expenses	\$ 12,656	\$ 24,449
TOTAL LIABILITIES	12,656	24,449
NET ASSETS		
Unrestricted	324,141	79,370
Temporarily restricted	23,184	-
TOTAL NET ASSETS	347,325	79,370
TOTAL LIABILITIES AND NET ASSETS	\$ 359,981	\$ 103,819

The accompanying footnotes are an integral part of these financial statements.

The Contributor, Inc.
Statements of Activities

<i>For the Year Ended December 31,</i>	<i>2012</i>		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Newspaper revenues	\$ 343,565	\$ -	\$ 343,565
Contributions	164,531	-	164,531
Grants	29,535	-	29,535
In-kind support	159,119	-	159,119
Miscellaneous income	4,604	-	4,604
 TOTAL SUPPORT AND REVENUE	 701,354	 -	 701,354
EXPENSES			
Program	431,495	-	431,495
Supporting services			
Management and general	219,409	-	219,409
Fundraising	84,817	-	84,817
 TOTAL EXPENSES	 735,721	 -	 735,721
 CHANGE IN NET ASSETS	 (34,367)	 -	 (34,367)
 NET ASSETS - BEGINNING OF YEAR	 113,737	 -	 113,737
 NET ASSETS - END OF YEAR	 \$ 79,370	 \$ -	 \$ 79,370

The accompanying footnotes are an integral part of these financial statements.

The Contributor, Inc.
Statements of Functional Expenses

For the Year Ended December 31,

2012

	Program	Supporting Services		
		Management		
	Newspaper	and General	Fundraising	Total
Advertising and promotions	\$ -	\$ -	\$ 5,464	\$ 5,464
Automobile expenses	1,238	163	-	1,401
Commissions	9,001	-	-	9,001
Contracted services	-	7,969	-	7,969
Contributions	-	21,970	-	21,970
Depreciation	-	2,501	-	2,501
Dues and subscriptions	-	2,249	-	2,249
Employee benefits	12,343	5,339	485	18,167
Freelance costs	17,330	-	-	17,330
Insurance	-	4,322	-	4,322
IT and communications	-	2,155	-	2,155
Legal expenses	-	67,885	-	67,885
Marketing	68,156	-	-	68,156
Miscellaneous expenses	807	-	-	807
Office expenses	315	15,241	2,361	17,917
Payroll taxes	15,826	3,165	2,110	21,101
Printing costs	141,068	-	11,745	152,813
Printing - resource guide	-	-	-	-
Rent	-	23,078	-	23,078
Salaries and wages	142,274	57,945	49,399	249,618
Special events	-	-	10,607	10,607
Supplies	15,375	-	-	15,375
Technology	5,544	-	345	5,889
Travel	2,218	5,427	2,301	9,946
	\$ 431,495	\$ 219,409	\$ 84,817	\$ 735,721

The accompanying footnotes are an integral part of these financial statements.

The Contributor, Inc.
Statements of Cash Flows

<i>For the Year Ended December 31,</i>	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 267,955	\$ (34,367)
Adjustments to reconcile change in net assets to net cash used (provided) by operating activities		
Depreciation	5,956	2,501
Net book value of equipment given to employees as compensation	-	11,462
Changes in assets and liabilities:		
Contributions receivable	(32,890)	(17,973)
Other current assets	224	10,291
Accounts payable and accrued expenses	(11,793)	11,395
NET CASH USED (PROVIDED) BY OPERATING ACTIVITIES	229,452	(16,691)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(35,588)	(14,329)
NET CASH USED BY INVESTING ACTIVITIES	(35,588)	(14,329)
NET INCREASE (DECREASE) IN CASH	193,864	(31,020)
CASH - BEGINNING OF YEAR	78,691	109,711
CASH - END OF YEAR	\$ 272,555	\$ 78,691

The accompanying footnotes are an integral part of these financial statements.

The Contributor, Inc.
Notes to Financial Statements

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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.

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.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2013 and 2012, the Organization did not have any permanently restricted net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Contributions receivable are recorded at the time a promise is made. The Organization uses the allowance method to determine the amount of pledges that are uncollectible based on previous experience and management's analysis of amounts receivable. Management believes that no allowance was necessary at December 31, 2013 and 2012.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment. Property and equipment is 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.

The Contributor, Inc.
Notes to Financial Statements

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization's information returns for years ended after December 31, 2010 are subject to examination by the Internal Revenue Service.

The Organization has implemented the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board Accounting Standards Codification 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Organization believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that no accruals are necessary for any open tax years, based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

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 those estimates.

Functional Expenses

Expenses are charged directly to program, management and general, or fundraising based on allocation by management among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred.

In-Kind Support

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.

The Contributor, Inc.
Notes to Financial Statements

Reclassification

Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through September 9, 2014, the date the financial statements were available to be issued.

NOTE 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following:

<i>December 31,</i>	2013	2012
Receivable in less than one year	\$ 45,179	\$ 17,973
Receivable in one to five years	7,500	-
	52,679	17,973
Discounts, at 6%	(1,816)	-
	\$ 50,863	\$ 17,973

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<i>December 31,</i>	2013	2012
Computer software and database	\$ 27,791	\$ 599
Furniture and equipment	19,906	11,509
Accumulated depreciation	(11,134)	(5,177)
	\$ 36,563	\$ 6,931

The Contributor, Inc.
Notes to Financial Statements

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include the following:

<i>December 31,</i>	2013	2012
Time restrictions:		
Contributions receivable for operations	\$ 23,184	\$ -

NOTE 6: CONCENTRATIONS

Cash and cash equivalents are held in banks in Tennessee and may, at times, exceed Federal Deposit Insurance Company limits. Uninsured cash at December 31, 2013 was approximately \$7,900.

Substantially all newspaper printing costs were purchased from one supplier during 2013 and 2012.

One donor comprised approximately 14% of all donations made to the Organization during the year ended December 31, 2013, and 17% of all donations made to the Organization during the year ended December 31, 2012.

NOTE 7: LEASES

The Organization uses donated office space located in Nashville, Tennessee under a month-to-month agreement for the year ended December 31, 2013 (see note 8).

The Organization also leased additional office space under a noncancelable operating lease for the year ended December 31, 2013. After December 31, 2013, this lease went to a month-to-month agreement.

Total rent expense for all operating leases was \$29,362 and \$23,078 for the years ended December 31, 2013 and 2012, respectively.

The Contributor, Inc.
Notes to Financial Statements

NOTE 8: IN-KIND SUPPORT

Donated property, equipment and services are used in the operations of the Organization. The value of donated property, equipment and services included in the financial statements as follows:

<i>For the years ended December 31,</i>	2013	2012
Rent	\$ 23,078	\$ 23,078
Legal services	19,075	67,885
Marketing services and supplies	26,085	68,156
Consulting services	60,600	-
	\$ 128,838	\$ 159,119

The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition. The fair value of these services is not reflected in the accompanying financial statements, in as much as there is no objective basis on which to measure the value of such services.

NOTE 9: GOING CONCERN

The Organization experienced a decrease in net assets during 2012. During the first half of 2013, the Organization experienced cash flow difficulties when expenses exceeded revenues and support. Those factors created an uncertainty about the Organization's ability to continue as a going concern, as was noted in the prior year financial statements.

However in August 2013, the Board of Directors approved a new business plan in order to eliminate the operating deficits and establish reserves. This resulted in a reduction of staff-related and other expenses and raised additional contributions. Unrestricted contributions increased by approximately \$322,000 in 2013 as compared to 2012. In April 2014, Management began publishing newspapers weekly, and raised sale prices of newspapers. Those pursuits have already begun to impact the Organization's financial condition and management projects that all cash needs will be met throughout 2014.