

CORNER TO CORNER
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022

**CORNER TO CORNER
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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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, 2022, 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, 2022, 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 2, 2023

**CORNER TO CORNER
STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2022**

ASSETS

Cash and cash equivalents	\$ 2,206,052
Grants receivable	17,452
Loans receivable	5,674
Prepays	9,200
Computers and equipment (net of accumulated depreciation of \$9,897)	36,110
Total assets	<u>\$ 2,274,488</u>

LIABILITIES AND NET ASSETS

Due to third party	<u>\$ 135,788</u>
Total liabilities	<u>135,788</u>

Net Assets

Without donor restrictions	1,988,700
With donor restrictions	<u>150,000</u>
Total net assets	<u>2,138,700</u>
 Total liabilities and net assets	 <u>\$ 2,274,488</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public support:			
Contributions	\$ 976,559	\$ 150,000	\$ 1,126,559
Government grant income	1,022,518	-	1,022,518
Other grant income	486,700	-	486,700
Total public support	2,485,777	150,000	2,635,777
Other revenue:			
Program material fees	30,877	-	30,877
Interest income	561	-	561
Total other revenue	31,438	-	31,438
Net assets released from restrictions	684,000	(684,000)	-
Total public support and other revenue	3,201,215	(534,000)	2,667,215
Expenses			
Program services:			
The Academy	1,169,400	-	1,169,400
Script To Screen	138,073	-	138,073
Hope Bakes	32,456	-	32,456
Bible Studies	40,056	-	40,056
The Coalition	41,114	-	41,114
Total program services	1,421,099	-	1,421,099
Supporting services:			
Management and general	204,171	-	204,171
Fundraising	138,726	-	138,726
Total supporting services	342,897	-	342,897
Total expenses	1,763,996	-	1,763,996
Change in net assets	1,437,219	(534,000)	903,219
Net assets at beginning of year	551,481	684,000	1,235,481
Net assets at end of year	<u>\$ 1,988,700</u>	<u>\$ 150,000</u>	<u>\$ 2,138,700</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, 2022**

	Program Services							Supporting Services			
	<u>The Academy</u>	<u>Script To Screen</u>	<u>Hope Bakes</u>	<u>Bible Studies</u>	<u>The Coalition</u>	<u>Tornado Recovery</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salaries	\$ 374,213	\$ 61,235	\$ 27,215	\$ 34,019	\$ 34,019	\$ -	\$ 530,701	\$ 81,646	\$ 68,039	\$ 149,685	\$ 680,386
Employee benefits	27,800	4,549	2,022	2,527	2,527	-	39,425	6,065	5,055	11,120	50,545
Payroll taxes	28,524	4,667	2,074	2,593	2,593	-	40,451	6,223	5,186	11,409	51,860
Total compensation	430,537	70,451	31,311	39,139	39,139	-	610,577	93,934	78,280	172,214	782,791
Contract labor	49,400	21,761	-	-	-	-	71,161	-	110	110	71,271
Program supplies	118,080	11,369	295	307	705	-	130,756	9,407	2,392	11,799	142,555
Events expense	64,135	10,170	-	-	-	-	74,305	14	11,229	11,243	85,548
Awards and gifts	12,571	2,451	-	-	-	-	15,022	516	2,536	3,052	18,074
Grants expense	237,500	-	-	-	-	-	237,500	-	-	-	237,500
Professional fees	79,402	-	-	-	-	-	79,402	49,707	14,785	64,492	143,894
Insurance	2,643	-	-	-	-	-	2,643	1,320	-	1,320	3,963
Advertising	93,281	-	-	-	-	-	93,281	4,988	6,904	11,892	105,173
Facility expense	15,104	3,076	-	-	-	-	18,180	5,112	-	5,112	23,292
Technology	18,156	3,181	-	-	-	-	21,337	122	2,593	2,715	24,052
Training & team meetings	6,599	-	-	-	-	-	6,599	7,212	-	7,212	13,811
Meals & travel	21,406	840	321	-	-	-	22,567	3,509	10,848	14,357	36,924
Dues & subscriptions	1,450	257	-	-	-	-	1,707	7,038	6,417	13,455	15,162
Furniture & equipment	4,069	12,218	-	-	-	-	16,287	700	545	1,245	17,532
Payroll fees	3,412	1,213	46	6	666	-	5,343	706	880	1,586	6,929
Bank fees	17	-	-	-	-	-	17.00	12,708	-	12,708	12,725
Bad debt expense	5,000	-	-	-	-	-	5,000	-	-	-	5,000
Miscellaneous	6,638	1,086	483	604	604	-	9,415	1,449	1,207	2,656	12,071
Depreciation	-	-	-	-	-	-	-	5,729	-	5,729	5,729
Total expenses by function	\$ 1,169,400	\$ 138,073	\$ 32,456	\$ 40,056	\$ 41,114	\$ -	\$ 1,421,099	\$ 204,171	\$ 138,726	\$ 342,897	\$ 1,763,996
Current year's percentages	66.29%	7.83%	1.84%	2.27%	2.33%	0.00%	80.56%	11.57%	7.86%	19.44%	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, 2022**

Cash Flows From Operating Activities:

Change in net assets	\$ 903,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,728
Changes in operating assets and liabilities:	
Grant receivable	482,548
Loans receivable	(5,674)
Prepays	5,800
Due to third parties	28,997
Accrued liabilities	(340)
Net cash provided by operating activities	<u>1,420,278</u>

Cash Flows From Investing Activities

Purchases of property and equipment	<u>(39,342)</u>
Net cash used in investing activities	<u>(39,342)</u>
 Net change in cash and cash equivalents	 1,380,936
Cash and cash equivalents at beginning of year	<u>825,116</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,206,052</u></u>

The accompanying notes are an integral part of these financial statements

**CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022

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 Recognition

Government Grants and Contributions: Government Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. Conditional promises to give, including those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Government grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program material fees: Program material fees are recognized at the time fees are earned, regardless of when it is received. Such program fees are for training services rendered to entrepreneurs for planning, starting, and growing their own small business.

Grants Receivable

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

Loans Receivable

The Organization issues loans to Academy graduates for their start-up businesses and considers loans 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.

CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$105,173 for the year ended December 31, 2022.

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.

CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

New Accounting Pronouncement

On January 1, 2022, the Organization adopted Financial Accounting Standards Board issued Accounting Standards Update 2016-02, Leases (Topic 842). The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The Organization has no leases with lease terms over 12 months as of December 31, 2022.

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, 2022, are:

Financial assets:

Cash and cash equivalents	\$ 2,206,052
Purpose-restricted net assets(see Note 5)	(150,000)
Due to third-party	<u>(135,788)</u>

Available for general expenditures within one year	\$ <u>1,920,264</u>
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The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

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.

CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Computers	\$ 5,099
Office equipment	1,566
Vehicle	<u>39,342</u>
	\$46,007
Less accumulated depreciation	<u>(9,897)</u>
	<u>\$36,110</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consist of the following at December 31, 2022, for the following purposes and time periods:

Purpose restriction:

The Academy	<u>\$ 150,000</u>
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NOTE 6 –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 has received a total of \$248,450 as of December 31, 2022 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. As of December 31, 2022, \$135,788 is balance of funds not yet distributed and is reported in the statement of assets, liabilities, and net assets as due to third party.

CORNER TO CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – RETIREMENT PLAN

The Organization sponsors a simplified IRA contribution plan covering substantially all employees. Under the plan, employees contribute a specified percentage of their salary or a fixed dollar amount to the plan. The Organization makes a matching contribution to employees' salary reduction contribution up to a limit of 3% of annual compensation. Contributions amounted to \$9,556 for year ended December 31, 2022.

NOTE 8 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through June 2, 2022, the issuance of the Organization's financial statements.