



Cornerstone Assistance Network, Inc. and Affiliate

**Consolidated Financial Statements with
Supplementary Information and Compliance Reports
December 31, 2022 and 2021**

Cornerstone Assistance Network, Inc. and Affiliate

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Independent Auditors' Report

To the Board of Directors of
Cornerstone Assistance Network, Inc. and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Cornerstone Assistance Network, Inc. and Affiliate (Organization) (nonprofit organizations) which comprise the consolidated statements of financial position as of December 31, 2022 and 2021 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidated 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated, in all material respects, in relation to the consolidated 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 June 27, 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 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 and 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.



A Limited Liability Partnership

Arlington, Texas
June 27, 2023

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,095,866	\$ 1,794,183
Investments	124,460	125,719
Notes receivable, current	4,868	11,816
Contributions receivable	13,279	3,944
Grants receivable	301,834	439,636
Other receivables	529,824	586,365
Prepaid expenses	-	2,201
Total current assets	4,070,131	2,963,864
Assets restricted for capital campaign:		
Cash and cash equivalents	1,645,953	250,000
Construction in progress	529,099	-
Assets restricted for endowment:		
Cash equivalents	150,000	150,000
Notes receivable, net of current portion	93,523	147,288
Property and equipment, net	2,985,786	2,944,895
Total assets	\$ 9,474,492	\$ 6,456,047
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 34,062	\$ 25,846
Accrued expenses	53,974	20,896
Total liabilities	88,036	46,742
Net assets:		
Without donor restrictions	4,975,576	5,244,248
With donor restrictions	4,410,880	1,165,057
Total net assets	9,386,456	6,409,305
Total liabilities and net assets	\$ 9,474,492	\$ 6,456,047

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants	\$ 6,020,506	\$ 1,194,020	\$ 7,214,526
Contributions	203,627	4,538,590	4,742,217
Thrift store sales	256,181	-	256,181
Contributions of nonfinancial assets	570,384	-	570,384
Special events (net of direct costs of \$43,671)	30,696	-	30,696
Rental income	52,549	-	52,549
Medical clinic income	31,279	-	31,279
Other	9,416	-	9,416
Net assets released from restrictions	2,486,787	(2,486,787)	-
Total revenue and support	9,661,425	3,245,823	12,907,248
Expenses:			
Program services	9,405,993	-	9,405,993
General and administrative	585,818	-	585,818
Fundraising	79,432	-	79,432
Total expenses	10,071,243	-	10,071,243
Change in net assets from operations	(409,818)	3,245,823	2,836,005
Other income:			
Investment income, net	13,362	-	13,362
Gain on disposal of equipment	127,784	-	127,784
Total other income	141,146	-	141,146
Change in net assets	(268,672)	3,245,823	2,977,151
Net assets at beginning of year	5,244,248	1,165,057	6,409,305
Net assets at end of year	\$ 4,975,576	\$ 4,410,880	\$ 9,386,456

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants	\$ 3,306,991	\$ 496,453	\$ 3,803,444
Contributions	1,247,592	882,675	2,130,267
Thrift store sales	205,097	-	205,097
Contributions of nonfinancial assets	203,326	-	203,326
Special events (net of direct costs of \$11,545)	150,801	-	150,801
Rental income	66,436	-	66,436
Medical clinic income	32,885	-	32,885
Other	8,595	-	8,595
Net assets released from restrictions	1,802,462	(1,802,462)	-
Total revenue and support	7,024,185	(423,334)	6,600,851
Expenses:			
Program services	6,150,562	-	6,150,562
General and administrative	533,566	-	533,566
Fundraising	64,761	-	64,761
Total expenses	6,748,889	-	6,748,889
Change in net assets from operations	275,296	(423,334)	(148,038)
Other income (expense):			
Investment income, net	29,301	-	29,301
Employee Retention Credit	586,057	-	586,057
Loss on disposal of equipment	(19,374)	-	(19,374)
Total other income (expense)	595,984	-	595,984
Change in net assets	871,280	(423,334)	447,946
Net assets at beginning of year	4,372,968	1,588,391	5,961,359
Net assets at end of year	\$ 5,244,248	\$ 1,165,057	\$ 6,409,305

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 2,008,618	\$ 244,245	\$ 52,338	\$ 2,305,201
Bank fees	43,449	5,839	1,437	50,725
Client assistance	6,397,939	-	-	6,397,939
Contract services	90,073	-	-	90,073
Depreciation	233,449	45,263	-	278,712
Insurance	171,011	48,214	102	219,327
Legal and accounting	37,273	12,277	4,294	53,844
Miscellaneous	48,980	1,425	3,467	53,872
Medical and dental supplies	75,769	-	-	75,769
Occupancy	133,678	136,181	-	269,859
Office	88,052	64,626	4,334	157,012
Printing and postage	11,485	941	13,205	25,631
Special events	-	-	43,671	43,671
Subscriptions	48,521	13,758	255	62,534
Supplies	6,841	-	-	6,841
Travel	10,855	13,049	-	23,904
Total expenses by function	9,405,993	585,818	123,103	10,114,914
Less: expenses included with revenues on the consolidated statement of activities - Special events	-	-	(43,671)	(43,671)
Total expenses included in the expense section on the consolidated statement of activities	\$ 9,405,993	\$ 585,818	\$ 79,432	\$ 10,071,243

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 1,656,961	\$ 230,835	\$ 40,172	\$ 1,927,968
Bank fees	10,603	6,192	815	17,610
Client assistance	3,473,077	-	-	3,473,077
Contract services	91,902	-	-	91,902
Depreciation	234,293	54,248	-	288,541
Insurance	136,833	40,247	-	177,080
Legal and accounting	31,622	18,392	5,883	55,897
Miscellaneous	29,107	2,793	599	32,499
Medical and dental supplies	87,028	-	-	87,028
Occupancy	172,770	95,343	-	268,113
Office	138,414	61,900	2,274	202,588
Printing and postage	8,504	964	13,820	23,288
Special events	-	-	11,545	11,545
Subscriptions	62,518	7,401	1,198	71,117
Supplies	8,157	-	-	8,157
Travel	8,773	15,251	-	24,024
Total expenses by function	6,150,562	533,566	76,306	6,760,434
Less: expenses included with revenues on the consolidated statement of activities - Special events	-	-	(11,545)	(11,545)
Total expenses included in the expense section on the consolidated statement of activities	\$ 6,150,562	\$ 533,566	\$ 64,761	\$ 6,748,889

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,977,151	\$ 447,946
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	278,712	288,541
Net realized and unrealized loss (gain) on investments	2,068	(15,882)
Contributions restricted for capital campaign	(1,925,052)	(250,000)
Loss (gain) on sale of property and equipment	(127,784)	19,374
Changes in operating assets and liabilities:		
Contributions receivable	(9,335)	6,757
Grants receivable	137,802	(439,636)
Other receivables	56,541	(586,365)
Prepaid expenses	2,201	(2,201)
Accounts payable	8,216	(12,546)
Accrued expenses	33,078	(35,679)
Net cash provided (used) by operating activities	1,433,598	(579,691)
Cash flows from investing activities:		
Purchases of investments	(809)	(5,170)
Redemption of certificate of deposit	-	10,000
Collections of notes receivable	60,713	5,480
Purchase of certificate of deposit	-	(10,345)
Proceeds from sale of property and equipment	224,630	-
Purchases of property and equipment	(945,548)	(66,773)
Net cash used by investing activities	(661,014)	(66,808)
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes	1,925,052	250,000
Net change in cash and cash equivalents	2,697,636	(396,499)
Cash and cash equivalents at beginning of year	2,194,183	2,590,682
Cash and cash equivalents at end of year	\$ 4,891,819	\$ 2,194,183
Reconciliation of cash and restricted cash equivalents reported within the consolidated statements of financial position to the consolidated statement of cash flows:		
Cash and cash equivalents	\$ 3,095,866	\$ 1,794,183
Cash and cash equivalents restricted for capital campaign	1,645,953	250,000
Cash equivalents restricted for endowment	150,000	150,000
Total cash and restricted cash equivalents reported in the consolidated statement of cash flows	\$ 4,891,819	\$ 2,194,183
Supplemental disclosure of cash flow information:		
Construction-in-progress included in accrued expenses	\$ 15,025	\$ -

See notes to consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Organization

Cornerstone Assistance Network, Inc. (CAN) of Fort Worth, Texas is incorporated in the state of Texas as a non-profit organization. It is exempt from federal income tax under Internal Revenue Code (Code) section 501(c)(3) and certain state and federal employment taxes. CAN assists homeless individuals, single parents, low income families and individuals previously incarcerated in obtaining food, shelter, clothing, employment, childcare, transportation and financial and medical assistance. CAN extends its assistance through an affiliated 501(c)(3) entity, Cornerstone Assistance Network Housing Development Corporation (CHDO), which acquires and remodels homes and provides them to low income families. The financial statements of CHDO are consolidated into the financial statements of CAN (collectively, the Organization). All inter-affiliate transactions have been eliminated.

The Organization pursues its objectives through the execution of the following programs:

Community Services – Directs access to services and resources to people in the Tarrant County area. Services include medical, food, household items, tutoring, bible studies, adult education opportunities, as well as programs designed especially for senior citizens and children.

Emergency Financial Services – Provides individuals with miscellaneous aid such as rent, utilities and transportation.

Thrift Store – Provides clothing and household items to the needy and homeless by utilizing donated goods and services. Monetary donations are accepted for the purchase of excess items.

Spanish Gardens – Acquires homes in a condominium complex for remodeling and rents the renovated homes to low income families.

Housing – Provides housing for low income and homeless individuals and families to help facilitate them to independent living.

Re-entry Services – Serves and helps ex-offenders and their families with Christ-centered communities of faith in Tarrant County.

FWISD Children’s Partnership – Provides assistance to families in need and strengthens the families of children struggling in school.

Intermediary Services – Manages and administers program funds as “pass throughs” to other organizations serving the poor, as well as provides technical training and support to those organizations.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Medical Clinic – Provides free health screenings, cataract procedures, doctor’s and follow-up visits, lab procedures and pharmaceutical services to qualified clients living in Tarrant County.

Christ Chapel Benevolence – Funding from Christ Chapel Bible Church for the employment of a part-time case manager, as well as the provision of emergency assistance, including referrals, food, clothing, transportation, rent and utility financial assistance.

Multi-Purpose Room & CAN Catering – The Multi-Purpose Room is available for use by local businesses and non-profit organizations in need of meeting space. CAN Catering provides services throughout the Metroplex.

Dental Clinic – Provides free dental services to qualified clients in Tarrant County.

Cornerstone Family Services – Provides assistance to families in need from low income schools in the Fort Worth ISD.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies of the Organization are described below.

Basis of Accounting

The Organization prepares the consolidated financial statements on the accrual basis of accounting in accordance with GAAP.

Consolidated Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Financial Instruments and Credit Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit risk, consist principally of cash, cash equivalents, contributions receivable and grants receivable. The Organization maintains cash balances at various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization had balances in excess of \$250,000; however, the Organization is participating in the bank's insured cash sweep service, which places the excess funds into insured accounts at other financial institutions. The Organization had no uninsured balances at December 31, 2022. Management has placed these funds with high credit quality financial institutions to minimize risk. The Organization has not experienced any losses on such assets.

For the years ended December 31, 2022 and 2021, the Organization received 22% and 21%, respectively, of total contributions from one donor. As of December 31, 2022, 91% of grants receivable were due from two grantors. As of December 31, 2021, 75% of contributions receivable was due from one donor and 98% of grants receivable was due from one grantor, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments purchased with an initial maturity of three months or less when purchased.

Investments

Investments consist of common stock and notes receivable and are stated at fair value in the consolidated statements of financial position.

Contributions Receivable

Contributions receivable represents unconditional promises to give from various donors. These amounts are expected to be collected within the next year. No allowance for uncollectible contributions receivable is considered necessary at December 31, 2022 and 2021.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Grants Receivable

Grants receivable consist primarily of government grant award cost reimbursement requests outstanding at year-end. Grants receivable are recorded based on the reimbursable amount incurred. The collectability of the Organization's grants receivable is reviewed on an ongoing basis using an assessment of the current status of individual accounts and current economic conditions. At December 31, 2022 and 2021, management considers grants receivable to be fully collectible. All grants receivable are expected to be collected within the next year.

Other Receivables

The Organization's other receivable balance at December 31, 2022 and 2021, primarily consists of the Employee Retention Credit totaling \$529,824 and \$586,057, respectively, owed to the Organization pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020.

Notes Receivable

For the years ended December 31, 2022 and 2021, the notes receivable consist of two and three interest bearing loans, respectively, for the sale of property stated at the remaining outstanding balances. Management assesses the credit quality of the notes receivable based on indicators such as collateralization and collection experience. As of December 31, 2022 and 2021, no allowance has been established.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The fair value of donated fixed assets is capitalized. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$10,000. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets which range as follows:

Buildings and improvements	15 - 25 years
Furniture and fixtures	3 - 10 years
Vehicles	5 years

Revenue Recognition

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give (pledges receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Donated equipment and supplies are reflected as contributions of nonfinancial assets at the estimated fair value at date of receipts. The Organization recognizes donated services received that require specialized skills or that would create or enhance nonfinancial assets, which would have been purchased if not acquired through donation. Donated resale goods are reflected as contributions of nonfinancial assets at the fair market value.

In order to enable the Organization to meet its mission, a substantial number of volunteers donate significant amounts of their time to the Organization's programs and fundraising functions. These amounts do not meet the requirements for recognition in the consolidated financial statements.

Special event revenue is recognized at the time of the event. Income from rent and utilities is recognized in the period to which they relate. Thrift store revenue is recognized at the time of sale. Medical clinic income is recognized at the time of service.

A portion of the Organization's revenue is derived from government cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The Organization considers government grants and contracts to be contributions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions.

As of December 31, 2022 and 2021, the Organization has approximately \$981,958 and \$4,097,726, respectively, of conditional grants from various government agencies awarded but not expended. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

Impairment of Long-Lived Assets

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such loss was recognized during the year ended December 31, 2022 and 2021.

Federal Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Code and has not been classified as a private foundation as defined in the Code. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under Code Section 511. The Organization had no unrelated business income for the year ended December 31, 2022 and 2021. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Allocation of Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Costs are allocated between program and supporting services by management based on the estimated time spent on each program or supporting services and/or the estimated facility usage by each program or supporting service.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Accounting Pronouncements Adopted

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributed nonfinancial assets (gifts in-kind) as a separate line item in the consolidated statement of activities. The Organization has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions of nonfinancial assets, and therefore, no changes were required to net assets as of January 1, 2022. The presentation and disclosures of contributed nonfinancial assets have been enhanced in accordance with this standard.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Reclassification

Certain items in the 2021 consolidated financial statements have been reclassified to conform with the 2022 presentation.

3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

- Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodology used for instruments measured at fair value:

Common Stock

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

Notes Receivable

Notes receivable are carried at the unpaid principal balance, which approximates fair value.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

The following table presents the financial instruments at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Common stock	\$ 124,460	\$ -	\$ -	\$ 124,460
Notes receivable	-	98,391	-	98,391
	<u>\$ 124,460</u>	<u>\$ 98,391</u>	<u>\$ -</u>	<u>\$ 222,851</u>

The following table presents the financial instruments at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Common stock	\$ 125,719	\$ -	\$ -	\$ 125,719
Notes receivable	-	159,104	-	159,104
	<u>\$ 125,719</u>	<u>\$ 159,104</u>	<u>\$ -</u>	<u>\$ 284,823</u>

The following investments represent more than 10% of investments in common stocks at December 31:

	2022	2021
Pepsico Inc.	15%	14%
Waste Management Inc.	13%	13%
Modelez Intl.	16%	-

Net investment income consists of the following for the years ended December 31:

	2022	2021
Dividends and interest	\$ 15,434	\$ 13,422
Unrealized and realized gain (loss) on investments	(2,068)	15,882
Fees	(4)	(3)
	<u>\$ 13,362</u>	<u>\$ 29,301</u>

4. Notes Receivable

During the year ended December 31, 2010, the Organization acquired a piece of real estate as an endowment investment under a bargain purchase arrangement. The Organization utilized additional endowment assets to make the property ready for sale and then sold the property and signed a note receivable for \$96,700, resulting in a gain of \$59,826. The note receivable requires monthly installments of principal and interest of approximately \$462, requires monthly payments for insurance and ad valorem taxes, bears interest at 4% and matures in December 2040. The note receivable is secured by the property. The balance of the note receivable at December 31, 2022 and 2021 was \$77,919 and \$80,300, respectively.

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

During the year ended December 31, 2014, the Organization purchased a piece of real estate as an endowment investment and utilized endowment assets to make the property ready for sale. The property was sold and a note receivable was issued for \$40,885. The note receivable requires monthly installments of principal and interest of \$300, requires monthly payments for insurance and ad valorem taxes, bears interest at 5% and matures in August 2031. The note receivable is secured by the property. The balance of the note receivable at December 31, 2022 and 2021 was \$20,472 and \$27,381, respectively.

During the year ended December 31, 2017, the Organization sold a condo that was held as a housing program asset with a corresponding note receivable. The note receivable required monthly installments of principal and interest of \$797, required monthly payments for insurance and ad valorem taxes, bore interest at 5% and was scheduled to mature in September 2047. The note receivable was secured by the property. During the year ended December 31, 2022, the condo was sold and the remaining balance on the note receivable was paid off.

Principal payments are due as follows for the years ended December 31:

2023	\$	4,868
2024		5,090
2025		5,324
2026		5,569
2027		5,825
Thereafter		71,715
Total	\$	98,391

5. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Vehicles	\$ 262,279	\$ 238,475
Buildings	4,231,937	4,231,938
Furniture, fixtures and equipment	1,329,614	1,029,116
Housing	177,740	309,119
Land	249,850	249,850
Software	33,000	33,000
Construction in progress	529,099	-
Total	6,813,519	6,091,498
Less: accumulated depreciation	(3,298,634)	(3,146,603)
	\$ 3,514,885	\$ 2,944,895

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

Depreciation expense totaled \$278,712 and \$288,541 for the years ended December 31, 2022 and 2021, respectively.

6. Endowment Funds

As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanent endowment (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The earnings from the original gift are classified as net asset with donor restrictions until those amounts are appropriated from expenditure by the Organization in a manner consistent with the standard of prudence prescribed in TUPMIFA. In accordance with TUPMIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowment funds that must be held in perpetuity or for donor-specified periods as well as funds with donor restrictions. Under this policy, the endowment assets are invested assuming a moderate level of investment risk.

Cornerstone Assistance Network, Inc. and Affiliate
Notes to Consolidated Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (investment income such as dividends and interest).

Spending policy and how the investment objective relate to the spending policy endowment earnings are considered to be without donor restriction and have been designated by the board of directors as a quasi-endowment. Accumulated gains can be released for expenditure with board consensus.

The Organization has adopted an investment policy that seeks to secure the corpus of the endowment and provide earnings for operations.

Changes in endowment funds for the year ended December 31, 2022 are as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	\$ 360,009	\$ 150,000	\$ 510,009
Investment income	1,956	-	1,956
Board designation	92,328	-	92,328
Endowment net assets, end of year	<u>\$ 454,293</u>	<u>\$ 150,000</u>	<u>\$ 604,293</u>

Changes in endowment funds for the year ended December 31, 2021 are as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	\$ 332,513	\$ 150,000	\$ 482,513
Investment income	931	-	931
Board designation	26,565	-	26,565
Endowment net assets, end of year	<u>\$ 360,009</u>	<u>\$ 150,000</u>	<u>\$ 510,009</u>

7. Net Assets

As of December 31, 2022 and 2021, net assets without donor restrictions totaling \$454,293 and \$360,009, respectively, have been designated by the board of directors as a quasi-endowment.

Cornerstone Assistance Network, Inc. and Affiliate
Notes to Consolidated Financial Statements

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes at December 31:

	2022	2021
Capital campaign	\$ 2,175,052	\$ 250,000
Cornerstone Family Services	672,576	151,184
COVID-19 relief	28,968	58,428
Dental clinic	83,813	-
FWISD Children's Partnership	627,613	189,484
Health services	220,441	-
Hope for Vets	7,051	7,051
Leadership Academy Network	361,482	309,750
Morningside Middle Program	56,190	-
Re-entry services	27,694	49,160
Restricted in perpetuity	150,000	150,000
	\$ 4,410,880	\$ 1,165,057

8. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2022:

	Program Services	Thrift Store	Total
Equipment	\$ 308,900	\$ -	\$ 308,900
Professional services	95,837	-	95,837
Resale goods	2,915	253,266	256,181
Supplies	162,732	-	162,732
	\$ 570,384	\$ 253,266	\$ 823,650

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2021:

	Program Services	Thrift Store	Total
Professional services	\$ 114,431	\$ -	\$ 114,431
Resale goods	3,066	202,031	205,097
Supplies	85,829	-	85,829
	\$ 203,326	\$ 202,031	\$ 405,357

Cornerstone Assistance Network, Inc. and Affiliate
Notes to Consolidated Financial Statements

Resale goods

Donated resale goods are based on the fair market value of similar goods.

Equipment and Supplies

Donated equipment and supplies are based on the fair market value of similar goods for sale online.

Professional Services

Donated services are valued based on the U.S. Bureau of Labor statistics using the occupational employment and wage statistics.

9. Retirement Plan

The Organization contributes to a Section 403(b) retirement plan on behalf of eligible employees. The Organization's contributions to the plan for the years ended December 31, 2022 and 2021 totaled \$70,334 and \$69,956, respectively.

10. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures within one year at December 31:

	2022	2021
Cash and cash equivalents	\$ 3,095,866	\$ 1,794,183
Investments	124,460	125,719
Contributions receivable	13,279	3,944
Grants receivable	301,834	439,636
Other receivables	529,824	586,365
Total financial assets	4,065,263	2,949,847
Less amounts not available for general expenditure within one year, due to:		
Donor-imposed restrictions	2,085,828	765,057
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,979,435	\$ 2,184,790

Cornerstone Assistance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization manages its liquidity and reserves to fund obligations as they come due.

11. Subsequent Events

Management has evaluated subsequent events through the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.

Cornerstone Assistance Network, Inc. and Affiliate
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/ Pass-through Grantor/Program Title	Assistance Listing #	Pass-through Grantor's #	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)			
City of Fort Worth:			
COVID-19 Emergency Solutions Grant Program	14.231	54959-A2	\$ 431,348
Total U.S. Department of Housing and Urban Development			<u>431,348</u>
U.S. Department of the Treasury			
Tarrant County:			
COVID-19 Emergency Rental Assistance Program	21.023	55628	1,906,918
COVID-19 Emergency Rental Assistance Program	21.023	57000	2,878,042
Total U.S. Department of the Treasury			<u>4,784,960</u>
Total expenditures of federal awards			<u>\$ 5,216,308</u>

See notes to schedule of expenditures of federal awards

Cornerstone Assistance Network, Inc. and Affiliate
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Cornerstone Assistance Network Inc. (Organization) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *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, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Independent Auditors' 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*

To the Board of Directors of
Cornerstone Assistance Network, 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, the consolidated financial statements of Cornerstone Assistance Network, Inc. (Organization) (nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023. The financial statements of Cornerstone Assistance Network Housing Development Corporation (Affiliate) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Affiliate.

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 consolidated 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership
Certified Public Accountants

Arlington, Texas
June 27, 2023

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Cornerstone Assistance Network, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cornerstone Assistance Network Inc.'s, (Organization's) 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of 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; and the audit requirements of Title 2 U.S. *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 Auditors' 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.

Auditors' 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 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 Auditors' Responsibilities for the Audit of Compliance section 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 was 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.



A Limited Liability Partnership

Arlington, Texas
June 27, 2023

Cornerstone Assistance Network, Inc. and Affiliate
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major 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 Number

Emergency Rental Assistance Program	21.023
Dollar threshold used to distinguish between type A and B programs for federal awards:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Federal Award Findings and Questioned Costs

None reported