

**CORNERSTONE ASSISTANCE NETWORK, INC.
AND AFFILIATE**

Fort Worth, Texas

Consolidated Financial Statements

Year Ended December 31, 2020

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Financial Statements

Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cornerstone Assistance Network, Inc.
Fort Worth, Texas

We have audited the accompanying consolidated financial statements of Cornerstone Assistance Network, Inc., and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cornerstone Assistance Network, Inc. and Affiliate as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Cornerstone Assistance Network, Inc.'s 2019 consolidated financial statements, and our report dated May 12, 2020 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PSK LLP

Arlington, Texas
June 3, 2021

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Financial Position
December 31, 2020
(with comparative totals for December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,284,128 | \$ 1,864,523 |
| Investments | 78,358 | 62,974 |
| Miscellaneous receivable | 10,701 | 17,689 |
| Prepaid expenses | <u>-</u> | <u>2,053</u> |
| Total current assets | <u>2,373,187</u> | <u>1,947,239</u> |
| Physical Properties | | |
| Land | 249,850 | 249,850 |
| Buildings and improvements | 4,541,057 | 4,369,670 |
| Vehicles | 238,475 | 198,114 |
| Furniture and fixtures | 1,036,257 | 752,757 |
| Construction in progress | - | 163,237 |
| Accumulated depreciation | <u>(2,879,600)</u> | <u>(2,609,454)</u> |
| Net physical properties | <u>3,186,039</u> | <u>3,124,174</u> |
| Endowment Assets | | |
| Money market account | 332,513 | 305,373 |
| Notes receivable | <u>164,585</u> | <u>169,141</u> |
| Total endowment assets | <u>497,098</u> | <u>474,514</u> |
| Total Assets | <u>\$ 6,056,324</u> | <u>\$ 5,545,927</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | <u>\$ 94,965</u> | <u>\$ 33,050</u> |
| Net Assets | | |
| Without donor restrictions | 4,372,968 | 3,814,740 |
| With donor restrictions | <u>1,588,391</u> | <u>1,698,137</u> |
| Total net assets | <u>5,961,359</u> | <u>5,512,877</u> |
| Total Liabilities and Net Assets | <u>\$ 6,056,324</u> | <u>\$ 5,545,927</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Activities

Year Ended December 31, 2020

(with comparative totals for the Year Ended December 31, 2019)

| | Without Donor | With Donor | Total | |
|---|------------------|------------------|------------------|------------------|
| | Restrictions | Restrictions | 2020 | 2019 |
| Support and revenues | | | | |
| Contributions | \$ 1,186,316 | \$ 834,083 | \$ 2,020,399 | \$ 2,181,309 |
| Special events income | 46,578 | - | 46,578 | 157,186 |
| Grant income | 215,396 | 1,288,068 | 1,503,464 | 1,216,089 |
| Interest income | 7,830 | - | 7,830 | 15,114 |
| Rent income | 79,468 | - | 79,468 | 114,947 |
| Thrift Store sales | 153,926 | - | 153,926 | 202,761 |
| Medical clinic income | 54,898 | - | 54,898 | 219,459 |
| Miscellaneous income | 172,694 | - | 172,694 | 268,409 |
| Donated program assets | 40,361 | - | 40,361 | 3,425 |
| Donated services | 46,446 | - | 46,446 | 106,685 |
| Net investment returns | (1,357) | 8,456 | 7,099 | 14,977 |
| Gain on disposal of physical properties | 51,926 | - | 51,926 | 281,440 |
| Paycheck Protection Program grant | 308,285 | - | 308,285 | - |
| Net assets released from restrictions | 2,240,353 | (2,240,353) | - | - |
| Total support and revenues | 4,603,120 | (109,746) | 4,493,374 | 4,781,801 |
| Program expenses | | | | |
| Community Services | 77,390 | - | 77,390 | 116,055 |
| Emergency Financial Services | 135,737 | - | 135,737 | 111,926 |
| Thrift Store | 373,961 | - | 373,961 | 340,536 |
| Spanish Gardens | 136,634 | - | 136,634 | 145,622 |
| Housing | 198,809 | - | 198,809 | 241,855 |
| Re-entry Services | 146,927 | - | 146,927 | 213,566 |
| FWISD Children's Partnership | 211,609 | - | 211,609 | 193,822 |
| Intermediary Services | 238,329 | - | 238,329 | 77,377 |
| Medical Clinic | 436,698 | - | 436,698 | 712,029 |
| Christ Chapel Benevolence | 349,700 | - | 349,700 | 327,811 |
| Community Housing Development | - | - | - | 462 |
| Multi-Purpose Room & CAN Catering | 178,483 | - | 178,483 | 214,667 |
| Dental Clinic | 630,387 | - | 630,387 | 36,782 |
| CAN VISTA | - | - | - | 108,435 |
| Cornerstone Family Services | 327,602 | - | 327,602 | 290,546 |
| Transportation Ministry | - | - | - | 14,771 |
| Total program expenses | 3,442,266 | - | 3,442,266 | 3,146,262 |
| Supporting services | | | | |
| Fundraising | 35,152 | - | 35,152 | 94,612 |
| General and Administration | 567,474 | - | 567,474 | 514,226 |
| Total supporting services | 602,626 | - | 602,626 | 608,838 |
| Total expenses | 4,044,892 | - | 4,044,892 | 3,755,100 |
| Change in net assets | 558,228 | (109,746) | 448,482 | 1,026,701 |
| Net assets at beginning of year | 3,814,740 | 1,698,137 | 5,512,877 | 4,486,176 |
| Net assets at end of year | \$ 4,372,968 | \$ 1,588,391 | \$ 5,961,359 | \$ 5,512,877 |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

| | <u>Community Services</u> | <u>Emergency Financial Services</u> | <u>Thrift Store</u> | <u>Spanish Gardens</u> |
|--------------------------------------|-------------------------------|---|-------------------------|----------------------------|
| Payroll, benefits and contract labor | \$ 68,779 | \$ 61,325 | \$ 189,834 | \$ 21,302 |
| Outreach | 1,367 | 58,083 | 85 | - |
| Other program expenses | 340 | 268 | 304 | 44,133 |
| Donated services and supplies | - | - | - | - |
| Professional fees | 1,343 | 1,343 | 1,333 | 1,333 |
| Special events and advertising | - | - | - | - |
| Office and facilities expenses | 5,561 | 14,718 | 81,523 | 50,986 |
| Depreciation expense | - | - | 100,882 | 18,880 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Totals | <u>\$ 77,390</u> | <u>\$ 135,737</u> | <u>\$ 373,961</u> | <u>\$ 136,634</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses (continued)

Year Ended December 31, 2020

| | <u>Housing</u> | <u>Re-entry Services</u> | <u>FWISD Children's Partnership</u> | <u>Intermediary Services</u> |
|--------------------------------------|-------------------|------------------------------|---|----------------------------------|
| Payroll, benefits and contract labor | \$ 120,049 | \$ 115,790 | \$ - | \$ 78,124 |
| Outreach | 1,626 | 249 | 210,940 | 141,572 |
| Other program expenses | 840 | 864 | 669 | 14,286 |
| Donated services and supplies | - | - | - | - |
| Professional fees | 1,343 | 1,443 | - | 2,667 |
| Special events and advertising | 195 | - | - | - |
| Office and facilities expenses | 63,147 | 28,581 | - | 1,680 |
| Depreciation expense | <u>11,609</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 198,809</u> | <u>\$ 146,927</u> | <u>\$ 211,609</u> | <u>\$ 238,329</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses (continued)

Year Ended December 31, 2020

| | <u>Medical Clinic</u> | <u>Christ Chapel Benevolence</u> | <u>Multi-Purpose Room & CAN Catering</u> | <u>Dental Clinic</u> |
|--------------------------------------|---------------------------|--|--|--------------------------|
| Payroll, benefits and contract labor | \$ 203,511 | \$ 74,334 | \$ 79,282 | \$ 299,009 |
| Outreach | 120 | 271,329 | - | 203 |
| Other program expenses | 12,339 | 426 | 17,042 | 160,894 |
| Donated services and supplies | 93,577 | - | - | - |
| Professional fees | 1,515 | - | 1,333 | - |
| Special events and advertising | - | - | - | 532 |
| Office and facilities expenses | 86,610 | 3,611 | 17,775 | 144,863 |
| Depreciation expense | <u>39,026</u> | <u>-</u> | <u>63,051</u> | <u>24,886</u> |
| Totals | <u>\$ 436,698</u> | <u>\$ 349,700</u> | <u>\$ 178,483</u> | <u>\$ 630,387</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses (continued)

Year Ended December 31, 2020

| | <u>Cornerstone Family Services</u> | <u>Fundraising</u> | <u>General and Administration</u> | <u>Total</u> |
|--------------------------------------|--|--------------------|---------------------------------------|---------------------|
| Payroll, benefits and contract labor | \$ 151,659 | \$ 11,297 | \$ 310,178 | \$ 1,784,473 |
| Outreach | 129,161 | - | 626 | 815,361 |
| Other program expenses | 2,271 | 12,592 | 2,231 | 269,499 |
| Donated services and supplies | - | - | - | 93,577 |
| Professional fees | 1,386 | 1,533 | 15,300 | 31,872 |
| Special events and advertising | - | 1,154 | - | 1,881 |
| Office and facilities expenses | 43,125 | 8,576 | 204,919 | 755,675 |
| Depreciation expense | - | - | 34,220 | 292,554 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Totals | <u>\$ 327,602</u> | <u>\$ 35,152</u> | <u>\$ 567,474</u> | <u>\$ 4,044,892</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

(with comparative totals for the Year Ended December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 448,482 | \$ 1,026,701 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities | | |
| Depreciation | 292,554 | 286,202 |
| Gain on disposal of physical properties | (51,926) | (281,440) |
| Donated investments | (16,741) | (9,920) |
| Net investment returns | (7,099) | (14,977) |
| (Increase) decrease in assets: | | |
| Grants receivable | - | 19,988 |
| Miscellaneous receivable | 6,988 | 26,493 |
| Prepaid expenses | 2,053 | (2,053) |
| Other program assets | - | 9,000 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | <u>61,915</u> | <u>26,818</u> |
| Net cash and cash equivalents provided by operating activities | <u>736,226</u> | <u>1,086,812</u> |
| Cash Flows from Investing Activities | | |
| Purchases of investments | - | (10,000) |
| Increase in endowment assets | (18,684) | (28,833) |
| Payments received on notes receivable | 4,556 | 8,097 |
| Proceeds from sale of physical properties | 97,994 | 371,457 |
| Purchases of physical properties | <u>(400,487)</u> | <u>(284,587)</u> |
| Net cash and cash equivalents provided by (used in) investing activities | <u>(316,621)</u> | <u>56,134</u> |
| Net change in cash and cash equivalents | 419,605 | 1,142,946 |
| Cash and cash equivalents at beginning of the year | <u>1,864,523</u> | <u>721,577</u> |
| Cash and cash equivalents at end of the year | <u>\$ 2,284,128</u> | <u>\$ 1,864,523</u> |

The accompanying notes are an integral part of these consolidated financial statements.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

1 - Historical Background

Cornerstone Assistance Network, Inc. of Fort Worth, Texas (“CAN”) is incorporated in the state of Texas as a nonprofit corporation. It is exempt from federal income tax under Internal Revenue 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.

2 - Summary of Significant Accounting Policies

Basis of Accounting - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The consolidated financial statements of the Organization have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Consolidation - The consolidated financial statements include Cornerstone Assistance Network, Inc. and Cornerstone Assistance Network Housing Development Corporation. All material inter-affiliate transactions have been eliminated.

Basis of 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 available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Comparative Totals - The consolidated statement of financial position and consolidated statement of cash flows include certain prior-year comparative information. The consolidated statement of activities also includes certain prior-year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Revenues and Support - Revenues and support for the Organization are primarily derived from restricted and unrestricted contributions, as well as from federal and private grants.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Organization considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes, are excluded from this definition.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the Financial Accounting Standards Board *Accounting Standards Codification* (the “FASB ASC”), investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

Other Program Assets - The Organization acquires homes in need of repair. The homes are renovated and sold to low income families. The Organization also acquires vehicles to be sold to low income families. These homes and vehicles are recorded at cost, if purchased, and fair market value at date of donation, if contributed.

Physical Properties - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs, and replacements which do not improve or extend the lives of the respective assets are charged to expense when incurred. Additions, improvements, and major renewals are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

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

Use of Estimates - Management used estimates and assumptions in preparing these consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Compensated Absences - Employees of the Organization are entitled to paid vacation depending upon length of service and other factors. The Organization cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying consolidated financial statements. The Organization’s policy is to recognize the cost of compensated absences when paid to employees.

Donated Assets - Donated marketable equity securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Clothing, furniture, and other goods donated to the Organization’s Thrift Store have not been reflected in the consolidated financial statements. During the year ended December 31, 2020, approximately \$149,643 of goods were donated to the needy and homeless.

Donated Services - The Organization receives contributions of services from various sources. For donated services of volunteers with specialized skills, contributions are recorded at the fair value of the services provided. Revenue is recognized as services are received, and the related expenses are reflected in the appropriate functional area that received the benefits of the services provided. During the year ended December 31, 2020, revenue of \$46,446 was recognized related to physician services that were contributed to the Organization’s Medical Clinic.

No amounts have been reflected in the consolidated financial statements for donated services of general volunteers. During the year ended December 31, 2020, general volunteers contributed a total of 4,637 hours of time to the Organization.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Programs - 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.

Medical Clinic - Provides 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.

Community Housing Development - Provides decent and affordable housing for low and moderate income people (80% median income). The program works with state and local governments and nonprofit organizations in an effort to accomplish this task by creating partnerships to produce and manage affordable housing. This program had no activity during 2020.

Multi-Purpose Room & CAN Catering - The Multi-Purpose Room is available for use by local businesses and nonprofit organizations in need of meeting space. CAN Catering provides catering services throughout the metroplex.

Dental Clinic - Provides affordable dental services to qualified clients living in Tarrant County.

CAN VISTA - The AmeriCorps VISTA program (Volunteers in Service To America) is a national service program designed specifically to fight poverty in local communities. VISTA members commit to serve full-time for a year at a nonprofit organization or local government agency, working to fight illiteracy, improve health services, create businesses, and strengthen community groups. This program ended in 2019.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Cornerstone Family Services - Provides assistance to families in need.

Transportation Ministry - Partnership with a local financial institution to provide affordable used vehicles to needy families, financed with affordable terms and low interest rates. This program had no activity during 2020.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services by management based on the estimated time spent on each program or supporting service and/or the estimated facility usage by each program or supporting service. A detailed presentation is included in the consolidated statement of functional expenses.

Promises to Give - Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases in liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Endowment Fund - The Organization maintains an endowment fund for the purpose of yielding investment income to be used for operations. The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original donor-restricted gifts to the endowment, as of the gift date, absent explicit donor stipulations to the contrary.

The Organization has adopted an investment policy that seeks to secure the corpus of the endowment and provide earnings for operations. Under this policy, the endowment assets are invested in money market funds and secured notes receivable.

Income Taxes - The Organization follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements and does not expect this to change in the next twelve months. The 2017 through 2020 tax years remain subject to examination by the Internal Revenue Service.

Concentration of Credit Risk - At times, the Organization has deposits with financial institutions in excess of federally insured limits. It is the opinion of the Organization’s management that the solvency of the financial institutions is sufficient to cover any exposure.

3 - Liquidity and Availability of Resources

The Organization’s Board of Directors (the “Board”) is responsible for monitoring the liquidity necessary to meet the Organization’s operating needs and meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Additionally, the Organization maintains certain donor-restricted funds purposed for specific activities of the Organization. Management appropriates resources from donor-restricted funds as needed.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

3 - Liquidity and Availability of Resources (continued)

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the date of the statement of financial position, are comprised of the following:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 2,284,128 |
| Investments | 78,358 |
| Endowment assets | <u>497,098</u> |
| | 2,859,584 |
| Donor-restricted funds (Note 9) | <u>(1,588,391)</u> |
| Financial assets available to meet general expenditure needs within one year | <u>\$ 1,271,193</u> |

4 - Fair Value Measurements and Disclosures

The Fair Value Measurements topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. This standard also establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

The following table presents assets measured at fair value on a recurring basis at December 31, 2020:

| | Fair Value Measurements | | | | |
|--------------------------------|-------------------------|-----------|----------|-----------|---------|
| | Total | Level I | Level II | Level III | Other |
| Equity securities | \$ 68,358 | \$ 68,358 | \$ - | \$ - | \$ - |
| Certificate of deposit | 10,000 | - | - | - | 10,000 |
| Endowment assets | | | | | |
| Money market account (at cost) | 332,513 | - | - | - | 332,513 |
| Notes receivable | 164,585 | - | 164,585 | - | - |

The equity securities are traded on nationally recognized securities exchanges with immediately available market values and are classified as Level I assets.

The notes receivable are carried at unpaid principal balance, which approximates fair value, and are classified as Level II assets.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

5 - 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, 2020 was \$82,181.

During the year ended December 31, 2014, the Organization purchased another piece of real estate as an endowment investment and again 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, 2020 was \$29,490.

During the year ended December 31, 2017, the Organization sold a condo that was held as a housing program asset and a note receivable was issued for \$59,000. The note receivable requires monthly installments of principal and interest of \$797, requires monthly payments for insurance and ad valorem taxes, bears interest at 5%, and matures in September 2047. The note receivable is secured by the property. The balance of the note receivable at December 31, 2020 was \$52,914.

6 - Paycheck Protection Program Grant

In April 2020, the Organization obtained a note payable in the amount of \$308,285 from a financial institution under the Small Business Administration (“SBA”) Paycheck Protection Program (the “Program”) of the CARES Act. Under the Program, all or a portion of the note payable was eligible for forgiveness if used for the qualifying purposes under the SBA requirements. As of December 31, 2020, the Organization satisfied all criteria for forgiveness; therefore, the note was reclassified to grant income. See Note 11 for additional information.

7 - Retirement Plan

The Organization contributes to a Section 403(b) retirement plan on behalf of eligible employees. The Organization’s contribution for the year ended December 31, 2020 was \$65,874.

8 - Related Party

Cornerstone Assistance Network, Inc.’s by-laws require that 60% of its Board of Directors be chosen from membership of North Richland Hills Baptist Church, with one of these members being appointed by the Pastor of North Richland Hills Baptist Church.

CORNERSTONE ASSISTANCE NETWORK, INC. AND AFFILIATE
Notes to Consolidated Financial Statements

9 - Net Assets With Donor Restrictions

The balance of net assets with donor restrictions at December 31, 2020 relates to certain contributions for which the donors have imposed purpose restrictions, as well as donor restricted endowment funds to be held in perpetuity, the income from which is expendable for operations. The following is a summary of net assets with donor restrictions at December 31, 2020:

| | | |
|---------------------------------|-----------|-------------------------|
| Subject to purpose restrictions | | |
| FWISD Children's Partnership | \$ | 184,762 |
| Cornerstone Family Services | | 225,246 |
| Dream Big FW Scholarship | | 69,179 |
| Hope for Vets | | 7,602 |
| Medical Clinic | | 53,469 |
| Re-entry Services | | 80,841 |
| Leadership Academy Network | | 120,623 |
| Dental Clinic | | 297,566 |
| COVID-19 Relief | | <u>117,897</u> |
| | | 1,157,185 |
| Subject to endowment policy | | <u>431,206</u> |
| | \$ | <u>1,588,391</u> |

During the year ended December 31, 2020, net assets of \$2,240,353 were expended and released from restriction due to satisfaction of donor-imposed purpose restrictions.

10 - Endowment Fund

The following is a summary of changes in endowment net assets for the year ended December 31, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------|-------------------------------|----------------------------|-------------------|
| Beginning balance | \$ 51,764 | \$ 422,750 | \$ 474,514 |
| Net investment returns | - | 8,456 | 8,456 |
| Other increases | <u>11,584</u> | <u>-</u> | <u>11,584</u> |
| Ending balance | <u>\$ 63,348</u> | <u>\$ 431,206</u> | <u>\$ 494,554</u> |

11 - Subsequent Events

Subsequent events have been evaluated through June 3, 2021, which is the date the consolidated financial statements were available to be issued.

In April 2021, the Organization's application for forgiveness of its SBA Program note payable was approved and the Organization's financial institution received the funding to retire the SBA Program note payable.