

BLUE RIDGE CORRIDOR ALLIANCE
Raleigh, North Carolina

Audited Financial Statements
Years Ended June 30, 2020 and 2019



Blue Ridge Corridor Alliance
Years Ended June 30, 2020 and 2019
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Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Blue Ridge Corridor Alliance, Inc.

We have audited the accompanying financial statements of Blue Ridge Corridor Alliance, Inc. (a North Carolina not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Corridor Alliance, Inc. as of June 30, 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.

Prior Period Financial Statements

The financial statements of Blue Ridge Corridor Alliance, Inc. as of June 30, 2019, were audited by other auditors whose report, dated December 12, 2019, expressed an unmodified opinion on those statements.

Norton Collar Lund Lilley, PLLC

November 6, 2020

Blue Ridge Corridor Alliance
Statements of Financial Position
June 30, 2020 and 2019

EXHIBIT A

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 80,144	\$ 85,881
Contracts receivable	7,119	7,322
	<u>87,263</u>	<u>93,203</u>
	<u>\$ 87,263</u>	<u>\$ 93,203</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable	\$ 4,377	\$ 4,685
	<u>4,377</u>	<u>4,685</u>
 Net Assets		
Without donor-imposed restrictions	<u>82,886</u>	<u>88,518</u>
	<u>82,886</u>	<u>88,518</u>
	<u>\$ 87,263</u>	<u>\$ 93,203</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statements of Activities
Years Ended June 30, 2020 and 2019

EXHIBIT B

	Without Restrictions	
	2020	2019
Support and revenue		
Contributions	\$ 56,100	\$ 51,525
Government appropriations	40,000	40,000
Donated services	1,012	-
Other income	-	5,610
Total support and revenue	<u>97,112</u>	<u>97,135</u>
Expenses		
Program services	28,402	20,789
Management and general	70,482	69,306
Fundraising	3,860	3,948
Total expenses	<u>102,744</u>	<u>94,043</u>
Change in net assets	(5,632)	3,092
Net Assets at Beginning of Year	<u>88,518</u>	<u>85,426</u>
Net Assets at End of Year	<u>\$ 82,886</u>	<u>\$ 88,518</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

EXHIBIT C

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Contributions	\$ 56,303	\$ 54,203
Government appropriations	40,000	40,000
Other income	-	5,610
	96,303	99,813
Cash paid for insurance	(2,057)	(2,028)
Other operating cash payments	(99,983)	(87,430)
	(102,040)	(89,458)
Net cash provided (used) by operating activities	(5,737)	10,355
Net Increase (Decrease) in Cash	(5,737)	10,355
Cash at Beginning of Year	85,881	75,526
Cash at End of Year	\$ 80,144	\$ 85,881
Reconciliation of Change in Net Assets to Net		
Cash Provided by Operating Activities		
Change in net assets	\$ (5,632)	\$ 3,092
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Increase in accounts receivable	203	2,678
Increase (Decrease) in accounts payable	(308)	4,585
Total adjustments	(105)	7,263
Net Cash Provided (Used) by Operating Activities	\$ (5,737)	\$ 10,355

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statement of Functional Expenses
For the year ended June 30, 2020

EXHIBIT D

	Program Services	Management and General	Fundraising	Total
Legal and accounting	\$ -	\$ 13,714	\$ -	\$ 13,714
Administration	19,302	54,046	3,860	77,208
Insurance	-	2,057	-	2,057
Program expenses	9,100	-	-	9,100
Miscellaneous	-	665	-	665
	<u>\$ 28,402</u>	<u>\$ 70,482</u>	<u>\$ 3,860</u>	<u>\$ 102,744</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statement of Functional Expenses
For the year ended June 30, 2019

EXHIBIT E

	Program Services	Management and General	Fundraising	Total
Legal and accounting	\$ -	\$ 12,012	\$ -	\$ 12,012
Administration	17,166	48,063	3,433	68,662
Insurance	-	2,028	-	2,028
Program expenses	1,050	-	-	1,050
Miscellaneous	2,573	7,203	515	10,291
	<u>\$ 20,789</u>	<u>\$ 69,306</u>	<u>\$ 3,948</u>	<u>\$ 94,043</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION - The Blue Ridge Corridor Alliance, Inc. ("the Organization") was organized in Raleigh, North Carolina in 2014 as a private non-profit organization for the purpose of coordinating public and private investment connecting the major institutional assets of the Blue Ridge Road Corridor with complete streets infrastructure and mixed-use developments.

The Organization partners with the City of Raleigh, local businesses, and property owners to create jobs, a pedestrian-friendly environment, increased property value, and a vibrant destination.

PROGRAMS - The Blue Ridge Corridor Alliance, Inc. provides one major program:

Development is a program designed to increase interest in improving the overall development of the Blue Ridge Road corridor among businesses and organizations located in close proximity to Blue Ridge Road.

BASIS OF ACCOUNTING - The accompanying financial statements of the Blue Ridge Corridor Alliance, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

BASIS OF PRESENTATION - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

Net assets without donor-imposed restrictions are net assets available for use in general operations and are not subject to purpose- or time-related restrictions imposed by the original donor or grantor.

Net assets with donor-imposed restrictions are net assets that result from the receipt of donations or grants that have been restricted by the donor or grantor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the occurrence of events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when the conditions are met; that is, when the specified time has elapsed or the specified purpose has been fulfilled, or both. At June 30, 2020 and 2019, the Organization did not have any net assets with donor-imposed restrictions.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - Management considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been presented. If management determines that a receivable is not collectible, it is charged off at that time.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

CONTRIBUTIONS AND GRANTS - All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as restricted support that increases net assets with donor-imposed restrictions. When temporary restrictions expire, restricted net assets are reclassified to net assets without donor-imposed restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor-imposed restrictions.

PROMISES TO GIVE - Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

CASH AND CASH EQUIVALENTS - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INCOME TAXES - The Blue Ridge Corridor Alliance, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been classified as not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Organization's tax-exempt purpose are subject to taxation as unrelated business income.

Management has considered the positions taken in its tax returns and believes that they are more likely than not to be sustained upon examination. Accordingly, no amounts have been recognized in the accompanying financial statements related to uncertain tax positions. The Organization's tax returns are open for review for the years ending June 30, 2020, 2019, 2018, and 2017.

FUNCTIONAL EXPENSES - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on analysis of personnel time and space utilized for the related activity.

ADVERTISING - The Organization expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

NOTE 2 - CONCENTRATION OF CREDIT RISK - Cash is a financial instrument which potentially subjects the Organization to a concentration of credit risk. At times cash balances in these accounts can exceed federally insured limits. At June 30, 2020, the Organization did not exceed insured amounts.

NOTE 3 - IN-KIND CONTRIBUTIONS - Donated property, marketable securities, and other non-cash donations are recorded as contributions at their estimated fair value on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by the Organization.

For the years ended June 30, 2020 and 2019, the Organization received donated legal services valued at \$1,012 and \$0, respectively.

NOTE 4 - CONCENTRATIONS - The Organization receives significant support from the City of Raleigh. In addition, the Organization receives donations from a limited pool of local businesses, though no single donor represents a significant source of support. Funding received from the City of Raleigh accounted for 41% and 41% of total revenues in 2020 and 2019, respectively. Loss of support from these sources could have a detrimental impact on the finances of the Organization.

NOTE 5 - RELATED PARTY TRANSACTIONS - The Organization has entered into a management contract with Hillsborough Street Community Service Corporation, a not-for-profit organization, that shares the Executive Director with the Blue Ridge Corridor Alliance, Inc. Amounts paid to the Hillsborough Street Community Service Corporation totaled \$77,516 and \$63,978 for the years ended June 30, 2020 and 2019, respectively.

For the years ended June 30, 2020 and 2019, payables to related parties totaled \$4,377 and \$4,685, respectively.

NOTE 6 - RECLASSIFICATIONS - Certain items on the 2019 financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the reported results of operations, total assets, total liabilities, or net assets.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES - The Blue Ridge Corridor Alliance, Inc. has \$82,394 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$80,144 and receivables of \$2,250. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet six months of normal operating expenses, which are, on average, approximately \$48,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 - **SUBSEQUENT EVENTS** - The Organization has evaluated events and transactions that occurred between June 30, 2020 and November 6, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.