

BLUE RIDGE CORRIDOR ALLIANCE
Raleigh, North Carolina

Financial Statements
Years Ended June 30, 2023 and 2022



Blue Ridge Corridor Alliance
Years Ended June 30, 2023 and 2022
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Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Blue Ridge Corridor Alliance, Inc. (a North Carolina nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Ridge Corridor Alliance, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Corridor Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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- 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 Blue Ridge Corridor Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Corridor Alliance, Inc.'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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Corporation has adopted Financial Accounting Standards Board (FASB) ASU 2016-02 Leases (Topic 842). This ASU issued replaced existing lease accounting guidance in U.S. GAAP. This ASU requires presenting a right-to-use asset and related lease liability for operating leases on the balance sheet. These changes have been adopted using the modified retrospective approach using all practical expedients, under which a cumulative adjustment is made to opening equity in the year of adoption.

Norton Collar Lund Lilley, PLLC

December 16, 2023

Blue Ridge Corridor Alliance
Statements of Financial Position
June 30, 2023 and 2022

EXHIBIT A

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 65,459	\$ 76,980
Contracts receivable	6,000	4,680
	<u>71,459</u>	<u>81,660</u>
	<u><u>\$ 71,459</u></u>	<u><u>\$ 81,660</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ -	\$ 3,395
	<u>-</u>	<u>3,395</u>
Net Assets		
Without donor-imposed restrictions	69,499	76,305
With donor-imposed restrictions	1,960	1,960
	<u>71,459</u>	<u>78,265</u>
	<u><u>\$ 71,459</u></u>	<u><u>\$ 81,660</u></u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statements of Activities
Years Ended June 30, 2023 and 2022

EXHIBIT B

	Without Restrictions		With Restrictions		Total	
	2023	2022	2023	2022	2023	2022
Support and revenue						
Contributions	\$ 66,450	\$ 63,100	\$ -	\$ -	\$ 66,450	\$ 63,100
Government appropriations	40,000	40,000	-	-	40,000	40,000
Other income	2,250	5,457	-	-	2,250	5,457
Net assets released from restriction	-	13,040	-	(13,040)	-	-
Total support and revenue	<u>108,700</u>	<u>121,597</u>	<u>-</u>	<u>(13,040)</u>	<u>108,700</u>	<u>108,557</u>
Expenses						
Program services	34,510	41,048	-	-	34,510	41,048
Management and general	76,696	73,174	-	-	76,696	73,174
Fundraising	4,300	4,000	-	-	4,300	4,000
Total expenses	<u>115,506</u>	<u>118,222</u>	<u>-</u>	<u>-</u>	<u>115,506</u>	<u>118,222</u>
Change in net assets	(6,806)	3,375	-	(13,040)	(6,806)	(9,665)
Net Assets at Beginning of Year	<u>76,305</u>	<u>72,930</u>	<u>1,960</u>	<u>15,000</u>	<u>78,265</u>	<u>87,930</u>
Net Assets at End of Year	<u>\$ 69,499</u>	<u>\$ 76,305</u>	<u>\$ 1,960</u>	<u>\$ 1,960</u>	<u>\$ 71,459</u>	<u>\$ 78,265</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

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EXHIBIT C

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Contributions	\$ 65,130	\$ 70,420
Government appropriations	40,000	40,000
Other income	2,250	5,457
	<u>107,380</u>	<u>115,877</u>
 Cash paid for insurance	 (1,860)	 (2,251)
Other operating cash payments	<u>(117,041)</u>	<u>(114,761)</u>
	<u>(118,901)</u>	<u>(117,012)</u>
 Net cash used by operating activities	 <u>(11,521)</u>	 <u>(1,135)</u>
 Net Increase (Decrease) in Cash	 (11,521)	 (1,135)
 Cash at Beginning of Year	 <u>76,980</u>	 <u>78,115</u>
 Cash at End of Year	 <u><u>\$ 65,459</u></u>	 <u><u>\$ 76,980</u></u>
 Reconciliation of Change in Net Assets to Net		
Cash Used by Operating Activities		
Change in net assets	<u>\$ (6,806)</u>	<u>\$ (9,665)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) Decrease in accounts receivable	(1,320)	7,320
Increase (Decrease) in accounts payable	<u>(3,395)</u>	<u>1,210</u>
Total adjustments	<u>(4,715)</u>	<u>8,530</u>
 Net Cash Used by Operating Activities	 <u><u>\$ (11,521)</u></u>	 <u><u>\$ (1,135)</u></u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statement of Functional Expenses
For the year ended June 30, 2023

EXHIBIT D

	Program Services	Management and General	Fundraising	Total
Legal and accounting	\$ -	\$ 14,090	\$ -	\$ 14,090
Administration	17,000	47,600	3,400	68,000
Contract services	4,500	12,600	900	18,000
Insurance	-	1,860	-	1,860
Program expenses	13,010	-	-	13,010
Miscellaneous	-	546	-	546
	<u>\$ 34,510</u>	<u>\$ 76,696</u>	<u>\$ 4,300</u>	<u>\$ 115,506</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Statement of Functional Expenses
For the year ended June 30, 2022

EXHIBIT E

	Program Services	Management and General	Fundraising	Total
Legal and accounting	\$ -	\$ 14,362	\$ -	\$ 14,362
Administration	15,500	43,400	3,100	62,000
Contract services	4,500	12,600	900	18,000
Insurance	-	2,251	-	2,251
Program expenses	21,048	-	-	21,048
Miscellaneous	-	561	-	561
	<u>\$ 41,048</u>	<u>\$ 73,174</u>	<u>\$ 4,000</u>	<u>\$ 118,222</u>

See accompanying notes to financial statements.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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.

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.

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.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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

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 Corporation'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 Corporation's tax returns are open for review for the years ending June 30, 2022, 2021, 2020, and 2019.

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.

LEASES - The Organization assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Operating lease liabilities are calculated with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no asset or liability recognized.

Blue Ridge Corridor Alliance
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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, 2023, 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 Corporation.

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 37% and 37% of total revenues in 2023 and 2022, 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 (HSCSC), 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 \$80,000 and \$78,854 for the years ended June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, payables to related parties totaled \$0 and \$0, respectively.

Included in the management agreement is an embedded sublease for office space that is leased by HSCSC. The agreement is for twelve-month periods and therefore no right of use asset or corresponding lease liability are recognized in the financial statements. The rent component of the management agreement is estimated to be \$488 per month, and is included in administration expense on the financial statements.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES -

The Blue Ridge Corridor Alliance, Inc. has \$71,459 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 \$65,459 and receivables of \$6,000. 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 \$55,000. 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, 2023 and 2022

NOTE 7 - NET ASSETS

Net assets without donor-imposed restrictions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated and available for operations	\$ 69,499	\$ 76,305
	<u>\$ 69,499</u>	<u>\$ 76,305</u>

Net assets with donor-imposed time and purpose restricted consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
City of Raleigh Wish You Were Here campaign	\$ 1,960	\$ 1,960
	<u>\$ 1,960</u>	<u>\$ 1,960</u>

NOTE 8 - ADOPTION OF NEW ACCOUNTING STANDARD

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-Scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization elected to adopt these ASUs effective July 1, 2022 using the modified retrospective approach, and utilized all of the available practical expedients. There was no cumulative effect adjustment required to the Organization's statement of financial position as of July 1, 2022. The adoption did not have a material impact on the Organization's statement of financial position or the statement of activities, since the Organization's only leases are of less than twelve months in duration.

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between June 30, 2023 and December 16, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.