Annual Financial Report

Cornerstone Advocacy Service
(a Nonprofit Organization)
Bloomington, Minnesota

For the Years Ended
December 31, 2020 and 2019

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cornerstone Advocacy Service
Bloomington, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cornerstone Advocacy Service (the Organization), a Minnesota not-for-profit corporation, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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.

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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 auditor considers internal control relevant to the entity'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 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 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 consolidated financial position of the Organization as of December 31, 2020 and 2019, 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic 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 the 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2021, 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 internal control over 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.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 20, 2021

People + Process
Going Beyond the Numbers

CONSOLIDATED FINANCIAL STATEMENTS

Cornerstone Advocacy Service

Consolidated Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 1,271,974	$ 1,170,195
Accounts and pledges receivable, current	942,535	797,638
Investments	732,786	701,760
Prepaid expenses	144,398	122,084
Total Current Assets	3,091,693	2,791,677
Property and Equipment, Net	4,110,813	4,168,737
Noncurrent Assets		
Unemployment trust, net	67,023	53,842
Accounts and pledges receivable, noncurrent	49	6,531
Investments designated for long-term purposes	3,759,124	3,276,399
Security deposit	3,330	3,330
Total Noncurrent Assets	3,829,526	3,340,102
Total Assets	$ 11,032,032	$ 10,300,516
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 178,938	$ 102,296
Accrued payroll and related expenses	213,977	276,605
Deferred revenues	384,036	58,304
Total Current Liabilities	776,951	437,205
Noncurrent Liabilities		
Security deposits	10,948	9,940
Notes payable	567,038	547,344
Equity participation in facility	450,000	450,000
Total Noncurrent Liabilities	1,027,986	1,007,284
Total Liabilities	1,804,937	1,444,489
Net Assets		
Without donor restrictions		
Undesignated	3,877,072	3,606,942
Designated for reserves	4,889,971	4,673,355
Total Net Assets Without Donor Restrictions	8,767,043	8,280,297
With donor restrictions	460,052	575,730
Total Net Assets	9,227,095	8,856,027
Total Liabilities and Net Assets	$ 11,032,032	$ 10,300,516

See Independent Auditor's Report and Notes to the Financial Statements.

Cornerstone Advocacy Service

Consolidated Statements of Activities

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Public Support and Revenue						
Government grants	$ 6,143,138	$ -	$ 6,143,138	$ 4,217,876	$ -	$ 4,217,876
Contributions	862,526	43,936	906,462	669,005	185,729	854,734
In-kind contributions	88,652	-	88,652	93,439	-	93,439
Special fundraising events, net of expenses of $2,874 and $11,450 respectively	56,777	-	56,777	88,860	-	88,860
Other Revenue						
Program, registration and user fees	37,237	-	37,237	29,938	-	29,938
Rental revenue and subsidy	57,041	-	57,041	49,911	-	49,911
Investment income	277,024	-	277,024	577,961	-	577,961
Miscellaneous income	82,384	-	82,384	108,170	-	108,170
Subtotal	7,604,779	43,936	7,648,715	5,835,160	185,729	6,020,889
Net Assets Released From Restrictions	159,614	(159,614)	-	88,991	(88,991)	-
Total Support and Revenue	7,764,393	(115,678)	7,648,715	5,924,151	96,738	6,020,889
Expenses						
Program services	6,297,608	-	6,297,608	4,373,170	-	4,373,170
Management and general	708,349	-	708,349	691,127	-	691,127
Fundraising	271,690	-	271,690	273,665	-	273,665
Total Expenses	7,277,647	-	7,277,647	5,337,962	-	5,337,962
Change In Net Assets	486,746	(115,678)	371,068	586,189	96,738	682,927
Beginning Net Assets	8,280,297	575,730	8,856,027	7,694,108	478,992	8,173,100
Ending Net Assets	$ 8,767,043	$ 460,052	$ 9,227,095	$ 8,280,297	$ 575,730	$ 8,856,027

See Independent Auditor's Report and Notes to the Financial Statements.

Cornerstone Advocacy Service
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2020

	Program Services								Support Services			
	Emergency Services	Community and Economic Empowerment Services	Victim Advocacy Services	Clinical Services	Children, Youth and Families	Volunteer	Day One Minnesota	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Related Expenses												
Salaries and wages	$ 646,351	$ 373,756	$ 595,527	$ 178,371	$ 453,381	$ 14,133	$ 688,447	$ 2,949,966	$ 428,000	$ 198,273	$ 626,273	$ 3,576,239
Payroll taxes	48,531	27,745	44,368	13,174	33,685	1,076	52,034	220,613	31,731	14,502	46,233	266,846
Employee benefits	51,243	53,306	83,875	18,114	58,866	832	48,236	314,472	61,182	24,030	85,212	399,684
In-kind salaries	1,693	-	-	10,010	-	-	-	11,703	-	-	-	11,703
Staff development	369	288	314	1,666	1,168	8	341	4,154	1,225	400	1,625	5,779
Contract labor	17,155	5,738	6,789	4,200	7,934	182	57,365	99,363	67,144	1,125	68,269	167,632
Total Salaries and Related Expenses	765,342	460,833	730,873	225,535	555,034	16,231	846,423	3,600,271	589,282	238,330	827,612	4,427,883
Direct Program Expenses	1,653,596	61,279	206,804	4,395	21,462	2,090	133,692	2,083,318	24,797	15,981	40,778	2,124,096
Other Program Expenses												
Supplies	1,233	726	391	382	1,114	37	873	4,756	4,022	287	4,309	9,065
Printing	2,130	1,078	1,280	343	1,368	49	2,274	8,522	760	1,093	1,853	10,375
Dues and subscriptions	982	1,154	49	10	935	2	48	3,180	4,178	449	4,627	7,807
Professional fees	-	-	-	-	-	-	-	-	36,636	-	36,636	36,636
Postage	74	435	288	108	596	22	298	1,821	378	1,094	1,472	3,293
Interest	1,697	11,553	1,706	364	1,633	59	1,694	18,706	906	364	1,270	19,976
Other	1,028	1,019	1,236	202	948	37	1,042	5,512	14,499	4,091	18,590	24,102
Total Other Program Expenses	7,144	15,965	4,950	1,409	6,594	206	6,229	42,497	61,379	7,378	68,757	111,254
Facilities Expenses												
Rental	-	52,378	52,524	5,502	-	-	43,854	154,258	-	-	-	154,258
Utilities	9,798	31,300	11,027	2,054	9,204	331	11,798	75,512	5,106	2,055	7,161	82,673
Telephone	6,156	5,007	3,659	821	4,152	94	4,980	24,869	2,281	592	2,873	27,742
Repairs and maintenance	62,589	52,176	3,906	1,218	6,721	241	3,194	130,045	8,645	1,496	10,141	140,186
Equipment rental and other	15,685	856	64	12	57	2	1,334	18,010	650	88	738	18,748
Depreciation and amortization	24,570	41,900	23,874	5,100	22,851	821	23,842	142,958	12,677	5,100	17,777	160,735
Insurance	5,235	7,338	3,537	1,169	3,002	108	5,481	25,870	3,532	670	4,202	30,072
Total Facilities Expenses	124,033	190,955	98,591	15,876	45,987	1,597	94,483	571,522	32,891	10,001	42,892	614,414
Total Expenses	$ 2,550,115	$ 729,032	$ 1,041,218	$ 247,215	$ 629,077	$ 20,124	$ 1,080,827	$ 6,297,608	$ 708,349	$ 271,690	$ 980,039	$ 7,277,647

See Independent Auditor's Report and Notes to the Financial Statements.

Cornerstone Advocacy Service
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2019

	Program Services								Support Services			
	Emergency Services	Community and Economic Empowerment Services	Victim Advocacy Services	Clinical Services	Children, Youth and Families	Volunteer	Day One Minnesota	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Related Expenses												
Salaries and wages	$ 547,558	$ 243,494	$ 565,963	$ 133,739	$ 479,930	$ 24,659	$ 572,650	$ 2,567,993	$ 419,633	$ 195,017	$ 614,650	$ 3,182,643
Payroll taxes	40,726	18,050	42,223	10,019	35,906	1,883	43,268	192,075	30,722	14,386	45,108	237,183
Employee benefits	54,612	34,576	68,831	20,052	45,884	592	43,869	268,416	59,575	23,011	82,586	351,002
In-kind salaries	9,759	775	-	-	-	-	-	10,534	-	-	-	10,534
Staff development	481	357	312	13	3,580	2	790	5,535	850	407	1,257	6,792
Contract labor	9,122	14,336	3,334	1,075	4,942	177	96,152	129,138	47,127	1,116	48,243	177,381
Total Salaries and Related Expenses	662,258	311,588	680,663	164,898	570,242	27,313	756,729	3,173,691	557,907	233,937	791,844	3,965,535
Direct Program Expenses	102,539	45,028	178,389	13,253	34,593	3,364	209,592	586,758	39,925	14,795	54,720	641,478
Other Program Expenses												
Supplies	1,506	1,432	2,616	505	1,964	75	1,054	9,152	4,017	612	4,629	13,781
Printing	2,294	976	3,766	506	1,712	65	8,791	18,110	1,027	4,045	5,072	23,182
Dues and subscriptions	1,358	1,191	54	13	1,294	2	87	3,999	5,328	471	5,799	9,798
Professional fees	-	-	-	-	-	-	425	425	22,794	-	22,794	23,219
Postage	108	431	576	233	855	40	624	2,867	507	1,295	1,802	4,669
Interest	1,692	10,697	1,864	471	1,431	58	1,979	18,192	882	359	1,241	19,433
Other	711	4,753	694	1,898	969	23	700	9,748	15,316	7,009	22,325	32,073
Total Other Program Expenses	7,669	19,480	9,570	3,626	8,225	263	13,660	62,493	49,871	13,791	63,662	126,155
Facilities Expenses												
Rental	-	49,278	49,353	7,895	5,100	-	42,250	153,876	354	-	354	154,230
Utilities	10,939	27,545	13,069	3,045	9,250	374	13,780	78,002	5,709	2,322	8,031	86,033
Telephone	4,752	2,936	4,262	854	4,147	105	19,276	36,332	2,484	770	3,254	39,586
Repairs and maintenance	15,594	40,743	7,258	1,703	6,083	247	3,846	75,474	12,487	1,653	14,140	89,614
Equipment rental and other	13,567	3,868	443	8,054	942	30	282	27,186	5,305	187	5,492	32,678
Depreciation and amortization	26,819	38,135	29,539	7,466	22,679	917	28,829	154,384	13,986	5,692	19,678	174,062
Insurance	5,528	5,894	3,113	3,201	2,065	84	5,089	24,974	3,099	518	3,617	28,591
Total Facilities Expenses	77,199	168,399	107,037	32,218	50,266	1,757	113,352	550,228	43,424	11,142	54,566	604,794
Total Expenses	$ 849,665	$ 544,495	$ 975,659	$ 213,995	$ 663,326	$ 32,697	$ 1,093,333	$ 4,373,170	$ 691,127	$ 273,665	$ 964,792	$ 5,337,962

See Independent Auditor's Report and Notes to the Financial Statements.

Cornerstone Advocacy Service

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 371,068	$ 682,927
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	160,735	174,062
Amortization of debt, present value discount	19,694	18,993
Change in fair value of investments	(9,148)	(19,141)
Changes in assets:		
Accounts and pledges receivable	(138,415)	65,656
Prepaid expenses	(22,314)	(5,763)
Unemployment trust	(13,181)	(16,284)
Changes in liabilities:		
Accounts payable	76,642	31,649
Accrued payroll and related expenses	(62,628)	26,987
Deferred revenues	325,732	(43,109)
Security deposits	1,008	1,871
Net Cash Provided by Operating Activities	709,193	917,848
Cash Flows From Investing Activities		
Purchase of investments	(335,358)	(122,019)
Proceeds from sale of investments	(169,245)	(423,597)
Purchase of equipment	(102,811)	(29,206)
Net Cash Used by Investing Activities	(607,414)	(574,822)
Change In Cash and Cash Equivalents	101,779	343,026
Beginning Cash and Cash Equivalents	1,170,195	827,169
Ending Cash and Cash Equivalents	$ 1,271,974	$ 1,170,195
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 282	$ 440
Income Taxes	$ -	$ -

See Independent Auditor's Report and Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Cornerstone Advocacy Service (the Organization) is a Minnesota not-for-profit corporation formed to provide a continuum of service to victims of domestic and sexual violence, human trafficking and general crime. The Organization's services address the immediate crisis, the aftermath and the long-term needs of women, children, and families struggling to obtain safety, security and long term social and emotional health. The Organization's primary service areas include: Minneapolis, Bloomington, Eden Prairie, Edina, Richfield, St. Louis Park, Robbinsdale, Crystal, Brooklyn Center, Brooklyn Park, and Maple Grove. In addition, Cornerstone manages the program, Day One, which supports a network of 94 Minnesota domestic violence and sexual assault agencies by facilitating the statewide toll-free crisis line and the secure website that tracks in real-time available bed space and services.

National Day One, LLC, a wholly owned subsidiary of the Organization, was established in April 2008 as a Minnesota limited liability company. National Day One, LLC supports bringing the Day One model beyond the borders of Minnesota to other states in the country. For purposes of the consolidated financial statements, "the Organization" refers to both Cornerstone Advocacy Service and National Day One, LLC.

B. Basis of Accounting and Presentation

The accompanying consolidated financial statements include the accounts of the Organization and National Day One, LLC. All intercompany transactions have been eliminated. These consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Use of Estimates

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

D. Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

E. Accounts Receivable

Accounts receivable consist primarily of amounts billed on contracts negotiated with governmental agencies and commitments from foundations. Historically, all governmental contracts and foundation receivables have been collected, therefore no allowance is considered necessary. Approximately 4% of the Organization's accounts receivables are large individual pledges from annual fundraising events. Large pledges are defined as those which have an outstanding balance greater than $500. The point in time that delinquency becomes apparent for large pledges is a matter of Organization policy. In addition to other considerations, the policy includes a review of the Organization's relationship with the donor. Once a large pledge is considered delinquent, they are sent a final pledge reminder. The most recent pledge reminders were sent out in March 2021. Once a large pledge is determined to be uncollectible, it is written off.

F. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in fixed income securities at fair value using quoted market prices. Unrealized gains and losses are included in the change in net assets in the Consolidated Statements of Activities.

The Organization's investments are exposed to various risks, such as interest rate and overall market volatility. However, the Organization's investment policy is designed to manage investment risk while optimizing returns.

Note 1: Summary of Significant Accounting Policies (Continued)

G. Property and Equipment

Property and equipment are capitalized at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment and all expenditures for betterments that materially prolong the useful lives of assets are capitalized. The Organization considers items with a cost greater than $5,000 and a useful life greater than one year to be property and equipment. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over the estimated useful lives as follows:

Furniture and Equipment	3 - 15 years
Building and Improvements	15 - 40 years
Website	5 years
Database	5 years

Intellectual property consists of a trademark for Day One. Intangible assets are amortized over a 15-year period.

H. Classification of Net Assets

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

Without Donor Restriction

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Net assets without donor restrictions are available for use at the discretion of the board and/or management for general operating purposes.

With Donor Restriction

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. See Note 9 for the breakout of the Organization’s net assets that were subject to donor-imposed restrictions as of December 31, 2020 and 2019.

I. Revenue Recognition

Contributions, including unconditional promises to give (pledges), are recognized when the donor makes a promise to give to the Organization. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and nature of any donor restrictions. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as support without donor restriction.

The Organization’s policy is to imply a time restriction on gifts for land, buildings and equipment that expire over the useful life of the asset.

J. Government Grants Receivable and Revenue

Grants are recorded as receivables in the year made. Government grants are typically restricted for use on a specific program and/or are conditional upon uncertain future events. Advances and/or revenue from such grants are deferred until such conditions are met or services are rendered.

Note 1: Summary of Significant Accounting Policies (Continued)

K. Donated Services, Materials and Goods

Donated goods and materials are recorded at fair value at the date of donation. The Organization receives products and supplies including, but not limited to, water, food, temporary housing and goods from other businesses.

Donated services are recognized only if they would typically need to be purchased, require specialized skill, and are performed by an individual possessing that skill, or if they create or enhance a nonfinancial asset. The Organization has recorded donated professional services that met the recognition criteria. The services of some volunteers have not been reflected in the statements as donated services, since such services do not meet the recognition criteria.

L. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Minnesota franchise and income taxes for related business activities.

M. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

N. Reclassification

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income.

O. Upcoming Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for Cornerstone Advocacy Service on January 1, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its consolidated financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

P. Subsequent Events

The Organization has evaluated subsequent events through May 20, 2021, which is the date that the consolidated financial statements were approved and available to be issued.

Note 2: Accounts and Pledges Receivable

Unconditional promises to give and other receivables were as follows for December 31:

	2020	2019
Unconditional Promises to Give	$ 54,710	$ 62,885
Governmental Contracts Receivable	870,331	709,358
Other Contracts Receivable	17,543	31,926
Total	$ 942,584	$ 804,169

Collection of unconditional promises to give and accounts receivable is expected as follows:

	2020	2019
Due in One Year	$ 942,535	$ 797,638
Due in Two to Five Years	49	6,664
Total Promises to Give	942,584	804,302
Less: present value discount	-	(133)
Unconditional Promises to Give, Net	$ 942,584	$ 804,169

Note 3: Fair Value Measurement

The Organization measures the fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements). The Organization determines fair value by:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that Tree Trust has the ability to access, and where transactions occur within.

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are observable for the asset or liability;
- Inputs derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology reflect management's assumptions about significant unobservable inputs that market participants would use in pricing the asset or liability.

Note 3: Fair Value Measurement (Continued)

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities that are measured at fair value on a recurring basis are as follows at December 31:

	Level 1	
	2020	2019
Money Market	$ 223,373	$ 167,979
Equity	1,039,576	1,018,619
Bonds	1,279,163	994,910
Exchange-traded Funds	1,949,798	1,796,651
Total	$ 4,491,910	$ 3,978,159

Note 4: Property and Equipment

A summary of property and equipment as of December 31 is summarized as follows:

	2020	2019
Land	$ 1,646,911	$ 1,646,911
Building and Improvements	4,384,328	4,295,180
Furniture and Equipment	919,756	906,094
Website	125,137	125,137
Intellectual Property	1,435	1,435
Database	54,616	54,616
Total Property and Equipment	7,132,183	7,029,373
Less: Accumulated Depreciation	(3,021,370)	(2,860,636)
Property and Equipment, Net	$ 4,110,813	$ 4,168,737

Depreciation and amortization expense are summarized as follows for the years ended December 31:

	2020	2019
Depreciation	$ 160,639	$ 173,966
Amortization	96	96
Total	$ 160,735	$ 174,062

Note 5: Unemployment Trust

The Organization self-insures for Minnesota unemployment via the Unemployment Services Trust. The Unemployment Trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the Unemployment Trust is based on an estimate of actual claims. The net recorded balance at December 31, 2020 was $67,023 which consists of a gross balance of $68,596 less estimated claim liability of $1,572. The net recorded balance at December 31, 2019 was $53,842 which consisted of a gross balance of $59,108 less estimated claim liability of $5,265.

Note 6: Long-Term Debt

Included in long-term debt are debts which are payable at the end of their term but at a low or no interest rate. Most of this indebtedness was discounted to reflect the market interest rate and present value of the debt. The effective interest rate at the date of the loan was used to discount the debt and ranges from 3.00% to 4.50%.

The discounts are amortized over the life of the loan and the regularly scheduled amortization is included in interest expense. Accelerated amortization relates to discounted loans that were paid off prior to the original due date and represents the remaining unamortized balance at the time the loan is paid. Accelerated amortization is presented separately with other changes in net assets.

Long-term debt consists of the following at December 31:

	2020	2019
Mortgage loan payable, Minnesota Housing Finance Agency, McKinney Transitional Housing Program, face value of $190,027, due September 2023, collateralized by a certain building.	$ 174,012	$ 166,519
Note payable, Hennepin County, State of Minnesota, face value of $94,151, due December 2027, collateralized by land and houses.	73,206	70,621
Note payable, Minnesota Housing Finance Agency, Housing Trust Fund Program, face value of $100,000, due October 2036, collateralized by a certain building.	63,258	61,356
Note payable, Minnesota Housing Finance Agency, Housing Trust Fund Program, face value of $218,377, due October 2036, collateralized by a certain building.	142,425	138,143
Note payable, Hennepin County Housing and Redevelopment Authority, Trust Fund Program, face value of $75,000, due October 2035, collateralized by a certain building.	48,917	47,446
Note payable, Family Housing Fund of Minneapolis and St. Paul, face value of $100,000, due October 2035, collateralized by a certain building.	65,220	63,259
Total Long-Term Debt, Net	$ 567,038	$ 547,344

Discount amortization is as follows for the years ended December 31:

	2020	2019
Interest Expense	$ 19,694	$ 18,992

The following schedule of debt reflects the current values of the outstanding loans at December 31:

Years Ending December 31,	Amount
2023	$ 174,012
Thereafter	393,026
Total	$ 567,038

Note 7: Line of Credit

The Organization has an unsecured line of credit with a maximum of $100,000 and a 10.00% interest rate which automatically renews annually. The line of credit was unused during 2020 and 2019 had no balance due at December 31, 2020 and 2019.

Note 8: Equity Participation Agreement

During 2000, the Organization entered into an equity participation agreement with the Housing and Redevelopment Authority in and for the City of Bloomington (BHRA) through conversion of a previous financing agreement in the amount of $250,000. The BHRA has equity in the building based on terms of the equity participation agreement and will be repaid upon sale of the building.

During 2004, the Organization entered into an equity participation agreement with the City of Bloomington, by way of a grant in the amount to $200,000. The City has equity in the building based on terms of the equity participation agreement and will be paid upon sale of the building.

Note 9: Net Assets

Net assets without donor restrictions are composed of the following at December 31:

	2020	2019
Undesignated	$ 3,877,072	$ 3,606,942
Designated for Operating and Capital Reserve	4,889,971	4,673,355
Total	$ 8,767,043	$ 8,280,297

Net assets with donor restrictions were available for the following purposes:

	2020	2019
Program Activities	$ 249,535	$ 345,519
Debt Present Value Discount	210,517	230,211
Total	$ 460,052	$ 575,730

Note 10: Governmental Agency Revenue

Revenue from governmental agencies includes the following funding sources for the years ended December 31:

	2020	2019
Federal	$ 2,757,185	$ 1,837,441
State	2,371,543	1,353,698
County, City, and Other	1,014,410	1,026,737
Total	$ 6,143,138	$ 4,217,876

Note 11: In-Kind Contributions

In-kind contributions were as follows for the years ended December 31:

	2020	2019
Contributed Services	$ 11,702	$ 10,534
Housing	54,418	54,417
Other	22,532	28,488
Total	$ 88,652	$ 93,439

In addition to the amounts above, approximately 1,326 and 4,027 hours were volunteered during 2020 and 2019, respectively, that did not meet the criteria for recognition.

Note 12: Concentrations

The Organization contracts with the Minnesota Department of Public Safety to provide room and board and other services based on actual expenditures. Revenue from these activities and other service revenues are recognized as the services are provided. The Organization received approximately 38% and 51% of its support and revenue from the Minnesota Department of Public Safety for 2020 and 2019, respectively.

Note 13: Operating Lease Agreements

The Organization entered into an operating lease agreement in 2016 for office space which began on November 1, 2016, for a term of 25 months. The landlord abated the first month’s lease payment. Lease payments will be $3,333 per month for the first year and will increase to $3,438 for the remaining lease term. In December 2017, the Organization renewed the office lease through November 2023 with varying lease payments per month each year.

The Organization also entered into other various operating leases for a vehicle, office equipment, and housing. Future minimum lease payments required under the leases is as follows:

Years Ending December 31,	Amount
2021	$ 99,689
2022	80,564
2023	75,675
Total	$ 255,928

Note 14: Retirement Plan

The Organization contributes to a defined contribution retirement plan which covers substantially all employees after a specified period of service. Discretionary contributions are determined annually by the Board and are allocated to participants based on percentages of their eligible compensation. Contributions made under the plan for 2020 and 2019 were $77,126 and $60,392, respectively.

Note 15: Financial Awards from Grantors

Financial awards from federal, state and local governments in the form of grants are subject to an agency audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Note 16: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

Note 17: Liquidity and Availability of Financial Assets

The Organization's board of directors has approved and monitors a set of policies which govern the responsibilities and limitations of executive management. Management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies.

The Organization's liquid financial assets available to meet financial obligations due within one year are summarized as follows:

	2020	2019
Cash and Cash Equivalents	$ 1,271,974	$ 1,170,195
Accounts Receivable	942,535	797,638
Investments*	4,491,910	3,978,159
Total Financial Assets Available for Use at Year-End	6,706,419	5,945,992
Less those unavailable for general expenditures within one year, due to		
Board designated net assets for property and equipment	(3,021,370)	(2,860,636)
Board designated net assets for operating reserves**	(1,868,601)	(1,812,719)
Net assets with donor restrictions	(460,052)	(575,730)
Total Unavailable Financial Assets	(5,350,023)	(5,249,085)
Financial Assets Available to Meet Cash Needs for General Expenditures within one year	$ 1,356,396	$ 696,907

*Financial assets, at December 31 include long term investments. Although long term investments are usually held for more than one year, in the event of an emergency, the investments held can be converted to cash in a short period of time.

**Board designated net assets for operating reserves is based upon approximately four months of operating reserves for the Organization.

The Organization has a line of credit of $100,000 that could be drawn on if necessary. As of December 31, 2020 and 2019, the Organization has not had to use the line of credit.

SUPPLEMENTARY INFORMATION

Cornerstone Advocacy Service
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/Program Title Pass-Through Grantor/Pass-Through Entity Identifying Number	Federal Domestic Assistance Number	Pass-Through Identification Number	Pass-Through Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development:				
Passed-Through the Hennepin County Housing Consortium:				
Home Investment Partnerships Program	14.239	None Noted	$ 94,151	$ -
Continuum of Care Program	14.267	None Noted	151,879	-
Total U.S. Department of Housing and Urban Development			246,030	-
U.S. Department of Justice:				
Passed-Through the Minnesota Department of Public Safety:				
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	OVW 2016	130,661	51,435
Crime Victim Assistance	16.575	A-SVGC-2017-CORNERST-00004; A-VOCAMS-2020-CORNERST-00001; A-CVS-2018-CORNERST-00036; A-CVS-2020-CORNERST-015; A-FMR-2019-CORNERST-018	1,743,089	-
Total U.S. Department of Justice			1,873,750	51,435
U.S. Department of Homeland Security:				
Passed-Through the United Way of Minneapolis Area:				
Emergency Food and Shelter National Board Program	97.024	None Noted	5,944	-
U.S. Department of the Treasury:				
Passed-Through the Minnesota Department of Human Services:				
Coronavirus Relief Fund	21.019	None Noted	725,612	-
Total Federal Expenditures			$ 2,851,336	$ 51,435

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, and *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of 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.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this 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.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

Note 4: Subrecipients

Federal expenditures provided to subrecipients are presented separately in the Schedule of Expenditures of Federal Awards.

Note 5: Indirect Cost Rate

During the year ended December 31, 2020, the Organization did not elect to use the 10% de minimis indirect cost rate.

Note 6: Loan or Loan Guarantee Programs

The full amount and unamortized outstanding balance on the loan guarantee program under the Home Investment Partnerships Program was $94,151 as of December 31, 2020. The total federal expenditures shown in this schedule represents the full amount of the loan balance as of January 1, 2016. No new loans were made under this program during 2020, and there were no interest subsidies, cash, or administrative cost allowances made under this program in 2020.

OTHER REPORTS

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S 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

Board of Directors
Cornerstone Advocacy Service
Bloomington, Minnesota

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 Advocacy Service (the Organization), a Minnesota not-for-profit corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 determination of financial statement amounts. 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.*

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Purpose of this Report

This 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.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 20, 2021

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Cornerstone Advocacy Service
Bloomington, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Cornerstone Advocacy Service's (the Organization), a Minnesota not-for-profit corporation, compliance with the types of compliance requirements described 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, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

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, 2020.

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Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization’s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 20, 2021

Cornerstone Advocacy Service
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards:	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's 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) of the Uniform Guidance?	No

Identification of Major Programs:	Federal CFDA Number
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between Type A and Type B Programs:	$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance	Yes

Section II - Findings - Financial Statement Audit

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III - Findings and Questioned Costs - Major Federal Award Programs Audit

There are no significant deficiencies, material weaknesses, or instances of material noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Other Issues

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.