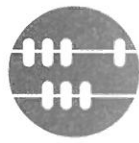


**NEIGHBORHOODS RESOURCE CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2018 AND 2017**

NEIGHBORHOODS RESOURCE CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2018 AND 2017

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EBD

Edmondson, Betzler & Dame

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Neighborhoods Resource Center

We have audited the accompanying financial statements of Neighborhoods Resource Center (a Tennessee not-for-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audit 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 Neighborhoods Resource Center as of June 30, 2018 and 2017, 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.

Edmondson, Betzler & Dame, PLLC

October 28, 2018

**NEIGHBORHOODS RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS			
		2018	2017
Current assets:			
Cash and cash equivalents		\$ 90,336	\$ 238,973
Investments		<u>948,757</u>	<u>990,882</u>
Total current assets		1,039,093	1,229,855
Property and equipment, net		9,795	13,097
Security deposit		<u>3,690</u>	<u>3,690</u>
Total assets		<u><u>\$ 1,052,578</u></u>	<u><u>\$ 1,246,642</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable		\$ 798	\$ 1,913
Payroll liabilities		<u>7,392</u>	<u>7,177</u>
Total liabilities		<u>8,190</u>	<u>9,090</u>
Net assets:			
Unrestricted		<u>1,044,388</u>	<u>1,237,552</u>
Total net assets		<u>1,044,388</u>	<u>1,237,552</u>
Total liabilities and net assets		<u><u>\$ 1,052,578</u></u>	<u><u>\$ 1,246,642</u></u>

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

**NEIGHBORHOODS RESOURCE CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
SUPPORT AND REVENUE:		
Investment income, net	\$ 67,638	\$ 65,077
In-kind contributions	39,680	405
Contributions	28,365	46,839
Program fees	14,266	1,557
Special events	5,334	4,648
Grant revenue	4,000	16,267
Miscellaneous income	362	5,373
	<u>159,645</u>	<u>140,166</u>
EXPENSES:		
Program services	204,261	148,704
Management and general	61,805	40,936
Fundraising	86,743	74,635
	<u>352,809</u>	<u>264,275</u>
Decrease in net assets	(193,164)	(124,109)
Net assets, beginning of year	<u>1,237,552</u>	<u>1,361,661</u>
Net assets, end of year	<u><u>\$ 1,044,388</u></u>	<u><u>\$ 1,237,552</u></u>

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

**NEIGHBORHOODS RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 77,396	\$ 25,799	\$ 68,797	\$ 171,992
Payroll taxes	5,666	1,889	5,037	12,592
Total payroll and related expense	83,062	27,688	73,834	184,584
Events	36,803	-	1,937	38,740
Professional fees	-	25,693	6,423	32,116
Advertising	26,238	1,458	1,458	29,154
Rent	20,240	1,125	1,125	22,490
Supplies	5,507	306	306	6,119
Equipment and technology	4,640	258	258	5,156
Training and staff development	3,696	205	205	4,106
Travel and meetings	3,611	201	201	4,013
Utilities	3,402	189	189	3,780
Depreciation	2,972	165	165	3,302
Grants	3,250	-	-	3,250
Telephone	2,899	161	161	3,221
Insurance	-	2,767	28	2,795
Printing	2,434	135	135	2,704
Miscellaneous	2,259	126	126	2,511
Memberships and subscriptions	2,255	125	125	2,505
Postage	993	55	55	1,103
Taxes and licenses	-	879	9	888
Bank and credit card fees	-	269	3	272
	<u>\$ 204,261</u>	<u>\$ 61,805</u>	<u>\$ 86,743</u>	<u>\$ 352,809</u>

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

**NEIGHBORHOODS RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 66,753	\$ 22,251	\$ 59,336	\$ 148,340
Payroll taxes	4,745	1,582	4,218	10,545
Employee benefits	1,800	600	1,600	4,000
Total payroll and related expense	73,298	24,433	65,154	162,885
Rent	19,926	1,107	1,107	22,140
Events	16,660	-	877	17,537
Professional fees	-	9,821	5,306	15,127
Equipment and technology	9,082	505	505	10,092
Miscellaneous	4,526	251	251	5,028
Printing	4,061	226	226	4,513
Utilities	3,366	187	187	3,740
Supplies	3,249	181	181	3,611
Travel and meetings	3,236	180	180	3,596
Telephone	3,157	175	175	3,507
Memberships and subscriptions	2,229	124	124	2,477
Insurance	-	2,387	24	2,411
Depreciation	1,699	94	94	1,887
Training and staff development	1,678	93	93	1,864
Advertising	1,493	83	83	1,659
Postage	1,044	58	58	1,160
Taxes and licenses	-	904	9	913
Bank and credit card fees	-	127	1	128
	\$ 148,704	\$ 40,936	\$ 74,635	\$ 264,275

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

**NEIGHBORHOODS RESOURCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
Cash flows from operating activities:		
Decrease in net assets	\$ (193,164)	\$ (124,109)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Realized (gain) loss on investments	(19,078)	1,527
Unrealized gain on investments	(38,370)	(60,071)
Depreciation	3,302	1,887
Increase in deposits	-	(3,690)
Decrease in accounts payable	(1,115)	(3,263)
Increase in payroll liabilities	215	7,177
	<u>(248,210)</u>	<u>(180,542)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of investments	(89,587)	(986,054)
Proceeds from sale of investments	189,160	53,716
Fixed asset purchases	-	(11,341)
	<u>99,573</u>	<u>(943,679)</u>
Net cash provided by (used in) investing activities		
Net decrease in cash and cash equivalents	(148,637)	(1,124,221)
Cash and cash equivalents, beginning of year	<u>238,973</u>	<u>1,363,194</u>
Cash and cash equivalents, end of year	<u>\$ 90,336</u>	<u>\$ 238,973</u>

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

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Neighborhoods Resource Center (the "Center") is a private not-for-profit corporation chartered under the laws of the State of Tennessee to assist residents of various neighborhoods, primarily in low-income areas, in the formation and/or development of neighborhood organizations that identify and take action on issues affecting their neighborhoods. The Center assists residents by providing information, leadership training, consulting and supportive services, and by forming collaborative relationships with, and providing support to, institutions that serve neighborhoods.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Center does not have any temporarily or permanently restricted net assets.

Use of Estimates

The preparation of 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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Unrealized gains and losses, as well as appreciation or depreciation in the market value, are reflected in the accompanying financial statements.

Property and Equipment

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of 3 – 5 years on a straight-line basis.

Advertising Costs

The Center expenses all advertising costs as incurred. Total advertising expense amounted to \$29,154 and \$1,659 in 2018 and 2017, respectively.

Income Tax Status

Neighborhoods Resource Center is exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Neighborhoods Resource Center has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Center continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes.

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2018, the Center has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Center has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

The following program services are included in the accompanying financial statements:

Training and Mentoring Services are provided to residents and neighborhood organizations at all levels of development. The annual Conference for Neighborhoods is a one-day training and networking opportunity for anyone who wants to make a difference in their neighborhood. The neighborhood Leadership Certificate Program provides the next level of learning for individuals seeking to amplify their impact. These certificates are designed around key areas necessary for a neighborhood organization's success. The first certificate launched in 2018, is Neighborhood Strategic planning, Governance, and Meeting Facilitation. We offer neighborhood organizations the option of Center staff coming to their neighborhoods to provide customized Neighborhood-Based Training Events. Additionally, our Leadership Development Specialist and Executive Director meet regularly with individual neighborhood leaders to advise and train for more effective service.

Networking Services create interactive events for residents and neighborhood leaders to develop relationships with other neighborhood leaders, stakeholders, and potential partners. Our Quarterly Leadership Gatherings offer neighborhood leaders the opportunity to meet one another, discuss common neighborhood issues, and hear from key partners. The Business Partner Lunch and Learns provide a venue for our partner to explore what is happening in Nashville's neighborhoods and residents from across the metropolitan area to be better neighbors and become more engaged in making their neighborhoods safer and more vibrant places to live.

Consultation Services provide assistance for local neighborhood leaders for working with residents on a wide range of neighborhood issues. The Organization is currently working with local residents in five neighborhoods to formally establish neighborhood associations.

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

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Center receives a significant amount of donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition set forth by accounting principles generally accepted in the United States of America.

Events Occurring After Reporting Date

The Center has evaluated events and transactions that occurred after June 30, 2018, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the June 30, 2018 financial statements. During the period there was one immaterial event that required recognition in the disclosures to June 30, 2018 financial statements.

NOTE 2 - INVESTMENTS

Marketable securities are recorded at market value at June 30, 2018 and 2017, as follows:

	Cost	Market
June 30, 2018		
Bonds	\$ 256,479	\$ 246,050
Equities	593,838	702,707
	<u>\$ 850,317</u>	<u>\$ 948,757</u>
June 30, 2017		
Bonds	\$ 257,604	\$ 253,349
Equities	673,207	737,533
	<u>\$ 930,811</u>	<u>\$ 990,882</u>

Investment income from these investments for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Unrealized gain on investments	\$ 38,370	\$ 60,071
Realized gain on investments	19,078	(1,527)
Dividends/interest	24,482	17,938
Investment management fees	(14,292)	(11,405)
	<u>\$ 67,638</u>	<u>\$ 65,077</u>

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 3 - FAIR VALUE MEASUREMENTS

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with this guidance, the Center groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements.

At June 30, 2018, the Center did not have any assets measured with Level 2 or Level 3 inputs.

Fair value of assets measured on a recurring basis at June 30, 2018 and 2017 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2018				
Bonds	\$ 246,050	\$ 246,050	\$ -	\$ -
Equities	<u>702,707</u>	<u>702,707</u>	<u>-</u>	<u>-</u>
Total assets, at fair value	<u>\$ 948,757</u>	<u>\$ 948,757</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2017				
Bonds	\$ 253,349	\$ 253,349	\$ -	\$ -
Equities	<u>737,533</u>	<u>737,533</u>	<u>-</u>	<u>-</u>
Total assets, at fair value	<u>\$ 990,882</u>	<u>\$ 990,882</u>	<u>\$ -</u>	<u>\$ -</u>

The Center does not measure any liabilities on a recurring basis.

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2018	2017
Office furniture and equipment	\$ 16,948	16,948
Less accumulated depreciation	<u>(7,153)</u>	<u>(3,851)</u>
	<u>\$ 9,795</u>	<u>\$ 13,097</u>

For the years ended June 30, 2018 and 2017, the Center had depreciation expense of \$3,302 and \$1,887, respectively.

NOTE 5 - DONATED MATERIALS AND SERVICES

The Organization receives donated materials and services ("in-kind" contributions) in the normal course of its operations, to include program materials, special events, fundraising goods or services, property and equipment and office supplies. The estimated fair values of these items are included in the statements of activities for the years ended June 30, 2018 and 2017 as follows:

	2018	2017
Advertising	\$ 25,000	\$ -
Professional services	14,567	-
Supplies	<u>113</u>	<u>405</u>
Total in-kind contributions	<u>\$ 39,680</u>	<u>\$ 405</u>

NOTE 6 - LEASES

The Center entered into a lease for office space in June 2016. The terms of the lease are monthly payments of \$1,845 for 36 months beginning August 2016. Monthly payments increase three percent each year after the first. The Center also signed a lease for a copier in March 2016. Terms of the lease are monthly payments of \$165 for 60 months beginning April 2016. Expenses related to leases totaled \$24,556 and \$24,503 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

2019	\$ 25,296
2020	3,937
2021	<u>1,320</u>
Total	<u>\$ 30,553</u>

**NEIGHBORHOODS RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 7 - SUBSEQUENT EVENTS

The Center's Board of Directors voted and approved a motion to adopt a new brand strategy on December 11, 2017. As part of this new strategy, the Center chose to begin doing business as Neighbor2Neighbor (N2N) to better align their marketing with the Center's program services. This change became effective on October 1, 2018.