

***COMMUNITY
RESOURCE CENTER***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 and 2018

COMMUNITY RESOURCE CENTER

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Resource Center:

We have audited the accompanying financial statements of Community Resource Center (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2019 and 2018, and the related statements of support, revenues, and expenses – modified cash basis and of functional expenses – modified cash basis 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 misstatements 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 assets, liabilities, and net assets of Community Resource Center as of June 30, 2019 and 2018, and its support, revenues, and expenses for the years then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Mullins Clemmons + Magee, PLLC

Brentwood, Tennessee
February 14, 2020

COMMUNITY RESOURCE CENTER

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 278,795	\$ 345,892
Total current assets	<u>278,795</u>	<u>345,892</u>
PROPERTY AND EQUIPMENT, NET	<u>401,114</u>	<u>439,854</u>
TOTAL ASSETS	<u>\$ 679,909</u>	<u>\$ 785,746</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes and related items	\$ 2,121	\$ 2,001
Total liabilities	<u>2,121</u>	<u>2,001</u>
NET ASSETS:		
Without donor restrictions	<u>677,788</u>	<u>783,745</u>
Total net assets	<u>677,788</u>	<u>783,745</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 679,909</u>	<u>\$ 785,746</u>

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

COMMUNITY RESOURCE CENTER

**STATEMENT OF SUPPORT, REVENUES, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUES:		
Private contributions and grants	\$ 143,198	\$ 138,750
Program service fees	10,825	8,825
Special events	59,237	77,636
Interest income	<u>3,005</u>	<u>70</u>
Total support and revenues	<u>216,265</u>	<u>225,281</u>
EXPENSES:		
Program services	190,032	161,649
Supporting services:		
Management and general	62,347	54,894
Fundraising	<u>69,843</u>	<u>66,204</u>
Total expenses	<u>322,222</u>	<u>282,747</u>
NET CHANGE IN NET ASSETS	(105,957)	(57,466)
NET ASSETS:		
Beginning of year	<u>783,745</u>	<u>841,211</u>
End of year	<u>\$ 677,788</u>	<u>\$ 783,745</u>

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

COMMUNITY RESOURCE CENTER**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 56,833	\$ 35,442	\$ 27,714	\$ 119,989
Payroll taxes	4,348	2,711	2,120	9,179
Employee benefits	12,206	4,924	4,639	21,769
Total personnel expenses	73,387	43,077	34,473	150,937
Outside services	15,766	10,410	-	26,176
Utilities	9,827	1,598	173	11,598
Insurance	5,836	1,193	517	7,546
Fundraising	-	-	34,680	34,680
Equipment repairs and maintenance	2,380	264	-	2,644
Printing and publications	-	-	-	-
Telephone and internet	2,123	236	-	2,359
Program costs	30,600	-	-	30,600
Supplies	4,501	500	-	5,001
Postage and shipping	268	30	-	298
Taxes and licenses	276	31	-	307
Travel	257	29	-	286
Advertising and public relations	829	92	-	921
Building repairs and maintenance	2,524	280	-	2,804
Miscellaneous	1,655	184	-	1,839
Total expenses before depreciation	150,229	57,924	69,843	277,996
Depreciation	39,803	4,423	-	44,226
Total expenses	<u>\$ 190,032</u>	<u>\$ 62,347</u>	<u>\$ 69,843</u>	<u>\$ 322,222</u>

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

COMMUNITY RESOURCE CENTER**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 49,555	\$ 37,374	\$ 30,422	\$ 117,351
Payroll taxes	3,791	2,860	2,328	8,979
Employee benefits	11,701	6,110	5,374	23,185
Total personnel expenses	65,047	46,344	38,124	149,515
Outside services	13,117	1,457	-	14,574
Utilities	7,411	823	-	8,234
Insurance	6,303	659	-	6,962
Fundraising	-	-	28,080	28,080
Equipment repairs and maintenance	1,462	162	-	1,624
Printing and publications	-	-	-	-
Telephone and internet	2,652	295	-	2,947
Program costs	19,283	-	-	19,283
Supplies	1,743	194	-	1,937
Postage and shipping	56	6	-	62
Taxes and licenses	162	18	-	180
Travel	166	18	-	184
Advertising and public relations	707	79	-	786
Building repairs and maintenance	2,292	255	-	2,547
Miscellaneous	1,399	156	-	1,555
Total expenses before depreciation	121,800	50,466	66,204	238,470
Depreciation	39,849	4,428	-	44,277
Total expenses	<u>\$ 161,649</u>	<u>\$ 54,894</u>	<u>\$ 66,204</u>	<u>\$ 282,747</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2019 AND 2018

NOTE 1 – THE ENTITY

Community Resource Center (the "Center") was incorporated in October 1986 as a Tennessee not-for-profit corporation. The primary purpose of the Center is to encourage, accept and distribute donations of volunteer services, equipment, supplies and new and used materials that are needed by local charitable organizations in the Middle Tennessee area.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2019 and 2018 in these financial statements refer to the years ended June 30, 2019 and 2018, respectively, unless otherwise noted.

Basis of Accounting - The financial statements of the Center are maintained on the modified cash basis of accounting. Under the modified cash basis of accounting, support and revenues are recognized when collected rather than when earned or promised, and expenses are recognized when paid rather than when incurred. Depreciation expense is recorded under the modified cash basis of accounting.

Financial Statement Presentation – The Center reports information regarding its assets, liabilities, net assets, and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the Board of Directors.

Net assets with donor restrictions – Net assets whose use by the Center is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Center pursuant to those restrictions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

Contributions - Contributions are recognized when the cash is received by the Center. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions. If a restriction expires or is met within the same year, the contribution is reported as without donor restrictions. There were no restrictions on net assets at June 30, 2019 and 2018. No contributions were received in 2019 or 2018 with any related donor restrictions.

Donated Materials and Services - Under the modified cash basis of accounting, donated equipment, supplies and materials are not recognized as contributions. A substantial number of volunteers have donated significant amounts of time in the Center's programs, development and fund-raising activities.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid unrestricted investments with an original maturity of three months or less. The Center may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Property and Equipment - Property and equipment additions, major renewals and betterments are recorded at cost at the date of purchase. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed by using the straight-line and accelerated methods over the estimated useful lives of the assets. See Note 4 for further details.

Income Taxes - As mentioned in Note 1, the Center is a tax-exempt organization; accordingly, no provision for income taxes is included in the accompanying financial statements.

The Center files an annual information return (Form 990) with the U.S. government. At June 30, 2019, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2016.

Functional Allocation of Expenses - Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

See Note 8 for further details related to the methods used to allocate expenses.

Date of Management's Review - Subsequent events were evaluated through February 14, 2020, which is the date the financial statements were available to be issued.

Estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Pronouncements - In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (the "ASU"). The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. There were no reclassifications or restatements in the classes of net assets as a result of the adoption of the ASU.

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2019, consist of cash and cash equivalents totaling \$278,795.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	742,661	742,661
Furnishings, fixtures and equipment	<u>34,093</u>	<u>28,607</u>
Total cost	830,354	824,868
Less accumulated depreciation	<u>(429,240)</u>	<u>(385,014)</u>
Property and equipment, net	<u>\$ 401,114</u>	<u>\$ 439,854</u>

NOTE 5 – PUBLIC SUPPORT

The Center is dependent on public support in the form of cash donations and private grants. A major reduction in the level of public support, if this were to occur, could have a significant impact on the Center's operations.

NOTE 6 – PARTNERSHIP PROGRAM

The Center has established a partnership program with other local non-profit organizations whereby the Center receives partnership membership fees ranging from \$125 to \$300 annually from subscribing organizations. Subscribing partners are then allowed access to goods and services available through a resource bulletin, "The Resource Connection." Partnership membership fees, in the amount of \$10,825 and \$8,825 for 2019 and 2018, respectively, are included in Program Service Fees in the statements of support, revenues and expenses.

The Center receives a significant amount of donated goods. The Center, in turn, distributes a significant portion of these goods to its subscribing partners. Under the modified cash basis of accounting, the value of these donations and distributions are not recognized in the accompanying financial statements.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Center has a defined contribution retirement plan for employees who have reached age 21 and have been employed for two years. The Center contributes up to 6% of each participant's salary. The Center's expense for such contributions totaled \$2,380 and \$2,160 for 2019 and 2018, respectively.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 8 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses which are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include salaries, payroll taxes, insurance, equipment and building repairs and maintenance, supplies, postage and licenses, which are allocated on the basis of estimates of time and effort, as well as utilities which are allocated on a square footage basis.