

**COMMUNITY  
RESOURCE CENTER**

**FINANCIAL STATEMENTS  
& INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2021 and 2020**

## **COMMUNITY RESOURCE CENTER**

### **TABLE OF CONTENTS**

Independent Auditors' Report .....	1 - 2
Financial Statements as of and for the Years Ended June 30, 2021 and 2020:	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis .....	3
Statements of Support, Revenues, and Expenses – Modified Cash Basis .....	4 - 5
Statements of Functional Expenses – Modified Cash Basis .....	6 - 7
Notes to Financial Statements – Modified Cash Basis.....	8 - 12

# 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, 2021 and 2020, 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, 2021 and 2020, 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 & Mages, PLLC*

Brentwood, Tennessee  
February 1, 2022

**COMMUNITY RESOURCE CENTER**

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	<u>\$ 1,135,132</u>	<u>\$ 512,805</u>
Total current assets	1,135,132	512,805
PROPERTY AND EQUIPMENT, NET	<u>366,999</u>	<u>356,745</u>
TOTAL ASSETS	<u><u>\$ 1,502,131</u></u>	<u><u>\$ 869,550</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes and related items	<u>\$ 3,028</u>	<u>\$ 2,097</u>
Total liabilities	3,028	2,097
NET ASSETS:		
Without donor restrictions	913,400	689,580
With donor restrictions	<u>585,703</u>	<u>177,873</u>
Total net assets	<u>1,499,103.</u>	<u>867,453</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,502,131</u></u>	<u><u>\$ 869,550</u></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 YEAR ENDED JUNE 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUES:</b>			
Private contributions and grants	385,270	\$ 956,775	\$ 1,342,045
Paycheck Protection Program grant	24,750		24,750
Special events	2,500	-	2,500
Interest income	1,368	-	1,368
Total	413,888	956,775	1,370,663
Net assets released from restrictions	548,945	(548,945)	-
Total support and revenues	962,833	407,830	1,370,663
<b>EXPENSES:</b>			
Program services	651,878	-	651,878
Supporting services:			
Management and general	33,362	-	33,362
Fundraising	53,773	-	53,773
Total expenses	739,013	-	739,013
<b>NET CHANGE IN NET ASSETS</b>	223,820	407,830	631,650
<b>NET ASSETS:</b>			
Beginning of year	689,580	177,873	867,453
End of year	\$ 913,400	\$ 585,703	\$ 1,499,103

**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 YEAR ENDED JUNE 30, 2020**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>SUPPORT AND REVENUES:</b>			
Private contributions and grants	\$ 201,324	\$ 347,509	\$ 548,833
Partner membership fees	8,366	-	8,366
Special events	5,150	-	5,150
Interest income	2,323	-	2,323
Total	<u>217,163</u>	<u>347,509</u>	<u>564,672</u>
Net assets released from restrictions	<u>169,636</u>	<u>(169,636)</u>	<u>-</u>
Total support and revenues	<u>386,799</u>	<u>177,873</u>	<u>564,672</u>
<b>EXPENSES:</b>			
Program services	328,251	-	328,251
Supporting services:			
Management and general	29,435	-	29,435
Fundraising	<u>17,321</u>	<u>-</u>	<u>17,321</u>
Total expenses	<u>375,007</u>	<u>-</u>	<u>375,007</u>
<b>NET CHANGE IN NET ASSETS</b>	<b>11,792</b>	<b>177,873</b>	<b>189,665</b>
<b>NET ASSETS:</b>			
Beginning of year	<u>677,788</u>	<u>-</u>	<u>677,788</u>
End of year	<u><u>\$ 689,580</u></u>	<u><u>\$ 177,873</u></u>	<u><u>\$ 867,453</u></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, 2021**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 92,119	\$ 4,428	\$ 30,141	\$ 126,688
Payroll taxes	5,189	249	1,698	7,136
Employee benefits	5,252	33	227	5,512
Total personnel expenses	102,560	4,710	32,066	139,336
Outside services	17,644	16,060	-	33,704
Utilities	38,669	5,384	440	44,493
Insurance	8,788	916	314	10,018
Fundraising	-	-	20,953	20,953
Equipment repairs and maintenance	4,333	482	-	4,815
Telephone and internet	120	13	-	133
Program costs - other	45,071	-	-	45,071
Program costs - tornado	234,316	-	-	234,316
Program costs - COVID-19	148,211	-	-	148,211
Supplies	2,115	235	-	2,350
Taxes and licenses	324	36	-	360
Travel	546	61	-	607
Advertising and public relations	10,846	1,205	-	12,051
Building repairs and maintenance	3,110	346	-	3,456
Miscellaneous	7,374	819	-	8,193
Total expenses before depreciation	624,027	30,267	53,773	708,067
Depreciation	27,851	3,095	-	30,946
Total expenses	<u>\$ 651,878</u>	<u>\$ 33,362</u>	<u>\$ 53,773</u>	<u>\$ 739,013</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, 2020**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 85,739	\$ 13,996	\$ 7,228	\$ 106,963
Payroll taxes	6,644	1,084	560	8,288
Employee benefits	4,891	1,630	1,630	8,151
Total personnel expenses	97,274	16,710	9,418	123,402
Outside services	14,410	3,775	-	18,185
Utilities	15,279	2,214	104	17,597
Insurance	6,489	767	75	7,331
Fundraising	-	-	7,724	7,724
Equipment repairs and maintenance	747	83	-	830
Telephone and internet	1,291	144	-	1,435
Program costs	14,442	-	-	14,442
Program costs - tornado	68,774	-	-	68,774
Program costs - COVID-19	57,888	-	-	57,888
Supplies	3,164	352	-	3,516
Postage and shipping	137	15	-	152
Taxes and licenses	847	94	-	941
Travel	481	54	-	535
Advertising and public relations	445	50	-	495
Building repairs and maintenance	4,598	511	-	5,109
Miscellaneous	2,053	229	-	2,282
Total expenses before depreciation	288,319	24,998	17,321	330,638
Depreciation	39,932	4,437	-	44,369
Total expenses	<u>\$ 328,251</u>	<u>\$ 29,435</u>	<u>\$ 17,321</u>	<u>\$ 375,007</u>

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

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2021 AND 2020

#### 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 2021 and 2020 in these financial statements refer to the years ended June 30, 2021 and 2020, 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. The Center has no donor restrictions which are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity..

See Note 8 for further details related to net assets.

**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 support, revenues and expenses 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.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2021 AND 2020

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Donated Materials and Services** – The Center receives a significant amount of donated goods. The Center distributes these goods to other local non-profit organizations and individuals in need. Under the modified cash basis of accounting, the value of these donations and distributions are not recognized in the accompanying financial statements.

A substantial number of volunteers have donated significant amounts of time in the Center's programs, development and fund-raising activities.

**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, 2021, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2018.

**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 9 for further details related to the methods used to allocate expenses.

**Date of Management's Review** - Subsequent events were evaluated through February 1, 2022.

**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.

## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2021 AND 2020**

#### **NOTE 3 – LIQUIDITY**

Financial assets available for general expenditures within one year of June 30, 2021 and 2020, consist of cash and cash equivalents totaling \$1,135,132 and \$512,805, respectively.

#### **NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 78,600	\$ 53,600
Building and improvements	742,661	742,661
Furnishings, fixtures and equipment	<u>50,293</u>	<u>34,093</u>
Total cost	871,554	830,354
Less accumulated depreciation	<u>(504,555)</u>	<u>(473,609)</u>
Property and equipment, net	<u>\$ 366,999</u>	<u>\$ 356,745</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 established a partnership program with other local non-profit organizations whereby the Center received 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 \$8,366 was received in 2020 and included in the statements of support, revenues and expenses. The Center discontinued the membership fee in 2021.

#### **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. No contributions have been made for 2021 or 2020.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2021 AND 2020

#### NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
For specific purposes:		
Tornado relief	\$374,005	\$ 158,028
COVID-19	31,231	19,845
Flood relief	162,864	-
Cold weather relief and other	17,603	-
Total donor restricted net assets	<u>\$585,703</u>	<u>\$ 177,873</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions during 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of specific purposes:		
Tornado relief	\$326,034	\$ 93,235
COVID-19	210,871	76,401
Flood and other	12,040	-
Total net assets released from restrictions	<u>\$548,945</u>	<u>\$ 169,636</u>

#### NOTE 9 – 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.

#### NOTE 10 – RISKS AND UNCERTAINTIES

In December 2019, COVID-19 emerged and subsequently spread worldwide. The World Health Organization declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. In an effort to mitigate the spread of COVID-19, the mayor of Nashville announced a "Safer at Home Order". As the COVID-19 pandemic is complex and rapidly evolving, management cannot reasonably estimate the duration and severity of this pandemic, which could have a material impact on the Center's business, results of operations, and cash flows.

#### NOTE 11 – CONCENTRATIONS

The Center received significant donations from one entity in 2021, amounting to 51% of total donations.

## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2021 AND 2020**

#### **NOTE 12 – PAYCHECK PROTECTION PROGRAM**

On March 29, 2021, the Center received loan proceeds in the amount of \$24,750 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Center used the proceeds for purposes consistent with the PPP and expects the proceeds to be forgiven subsequent to year end.

The Center recorded these funds as a conditional contribution. In accordance with ASC 958-605, conditional contributions are recognized as the conditions are met. Accordingly, the Center recognized the entire amount in 2021.