

***COMMUNITY
RESOURCE CENTER***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 & Mays, PLLC

Brentwood, Tennessee
November 27, 2017

COMMUNITY RESOURCE CENTER

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 358,251	\$ 387,374
Prepaid expenses and other current assets	<u>1,295</u>	<u>2,528</u>
Total current assets	<u>359,546</u>	<u>389,902</u>
PROPERTY AND EQUIPMENT, NET	<u>484,131</u>	<u>528,408</u>
TOTAL ASSETS	<u>\$ 843,677</u>	<u>\$ 918,310</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes and related items	\$ 2,466	\$ 1,994
Total liabilities	<u>2,466</u>	<u>1,994</u>
NET ASSETS:		
Unrestricted	<u>841,211</u>	<u>916,316</u>
Total net assets	<u>841,211</u>	<u>916,316</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 843,677</u>	<u>\$ 918,310</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUES:		
Private contributions and grants	\$ 164,119	\$ 146,380
Program service fees	10,260	9,280
Special events	45,264	51,184
Interest income	75	75
Total	<u>219,718</u>	<u>206,919</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>
Total support and revenues	<u>219,718</u>	<u>206,919</u>
EXPENSES:		
Program services	173,458	157,862
Supporting services:		
Management and general	56,683	55,698
Fundraising	<u>64,682</u>	<u>53,295</u>
Total expenses	<u>294,823</u>	<u>266,855</u>
NET CHANGE IN NET ASSETS	(75,105)	(59,936)
NET ASSETS:		
Beginning of year	<u>916,316</u>	<u>976,252</u>
End of year	<u>\$ 841,211</u>	<u>\$ 916,316</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, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 45,851	\$ 36,138	\$ 29,186	\$ 111,175
Payroll taxes	3,509	2,765	2,233	8,507
Employee benefits	13,999	9,331	7,776	31,106
Total personnel expenses	63,359	48,234	39,195	150,788
Outside services	10,710	1,190	-	11,900
Utilities	7,252	806	-	8,058
Insurance	10,737	519	-	11,256
Fundraising	-	-	25,487	25,487
Equipment repairs and maintenance	769	86	-	855
Printing and publications	88	10	-	98
Telephone and internet	2,043	227	-	2,270
Program costs	28,015	-	-	28,015
Supplies	2,903	323	-	3,226
Postage and shipping	76	8	-	84
Memberships	-	-	-	-
Taxes and licenses	162	18	-	180
Travel	1,177	131	-	1,308
Advertising and public relations	4,549	506	-	5,055
Building repairs and maintenance	1,512	168	-	1,680
Miscellaneous	257	29	-	286
Total expenses before depreciation	133,609	52,255	64,682	250,546
Depreciation	39,849	4,428	-	44,277
Total expenses	<u>\$ 173,458</u>	<u>\$ 56,683</u>	<u>\$ 64,682</u>	<u>\$ 294,823</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, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 39,981	\$ 34,578	\$ 27,494	\$ 102,053
Payroll taxes	3,060	2,647	2,104	7,811
Employee benefits	<u>10,316</u>	<u>8,988</u>	<u>7,139</u>	<u>26,443</u>
Total personnel expenses	53,357	46,213	36,737	136,307
Outside services	11,041	1,227	-	12,268
Utilities	6,220	691	-	6,911
Insurance	11,697	1,300	-	12,997
Fundraising	-	-	16,558	16,558
Equipment repairs and maintenance	2,293	255	-	2,548
Printing and publications	128	14	-	142
Telephone and internet	2,971	330	-	3,301
Program costs	19,127	-	-	19,127
Supplies	2,995	333	-	3,328
Postage and shipping	36	4	-	40
Memberships	383	42	-	425
Taxes and licenses	371	41	-	412
Travel	454	50	-	504
Advertising and public relations	1,232	137	-	1,369
Building repairs and maintenance	2,658	295	-	2,953
Miscellaneous	<u>(521)</u>	<u>(58)</u>	<u>-</u>	<u>(579)</u>
Total expenses before depreciation	114,442	50,874	53,295	218,611
Depreciation	<u>43,420</u>	<u>4,824</u>	<u>-</u>	<u>48,244</u>
Total expenses	<u>\$ 157,862</u>	<u>\$ 55,698</u>	<u>\$ 53,295</u>	<u>\$ 266,855</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2017 AND 2016

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 2017 and 2016 in these financial statements refer to the years ended June 30, 2017 and 2016, 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no restrictions on net assets at June 30, 2017 and 2016.

Contributions - Contributions are recognized when the cash is received by the Center. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the financial statements as net assets released from restrictions. If a restriction expires or is met within the same year, the contribution is reported as unrestricted.

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.

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 3 for further details.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2014.

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.

Date of Management's Review - Subsequent events were evaluated through November 27, 2017, 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.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	742,661	742,661
Furnishings, fixtures and equipment	<u>28,607</u>	<u>28,607</u>
Total cost	824,868	824,868
Less accumulated depreciation	<u>(340,737)</u>	<u>(296,460)</u>
Property and equipment, net	<u>\$ 484,131</u>	<u>\$ 528,408</u>

NOTE 4 – NOTE PAYABLE

The Center has an unsecured line of credit agreement with a financial institution. The line of credit provides for maximum borrowings of \$50,000, and bears interest payable monthly at the bank's prime rate of interest. No borrowings were outstanding under this agreement at June 30, 2017 and 2016.

NOTE 5 – PUBLIC SUPPORT

The Center is dependent on public support in the form of cash donations, private grants and United Way 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.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2017 AND 2016

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 \$10,260 and \$9,280 for 2017 and 2016, 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 \$2,160 for both 2017 and 2016.