

***COMMUNITY  
RESOURCE CENTER***

**FINANCIAL STATEMENTS**

**JUNE 30, 2009 and 2008**

## 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 statements of assets, liabilities, and net assets – modified cash basis of Community Resource Center (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of support, revenues, and expenses – modified cash basis and of functional expenses – modified cash basis for the years then ended. These financial statements are the responsibility of management of Community Resource Center. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2009 and 2008, and its support, revenues, and expenses for the years then ended, on the basis of accounting described in Note 2.



Brentwood, Tennessee  
October 30, 2009

COMMUNITY RESOURCE CENTER

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 524,418	\$ 990,922
Certificates of deposit	28,770	26,530
Prepaid expenses and other current assets	<u>1,661</u>	<u>-</u>
Total current assets	554,849	1,017,452
PROPERTY AND EQUIPMENT, NET	458,518	11,635
DEPOSITS	<u>200</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 1,013,567</u>	<u>\$ 1,029,287</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes	\$ 1,651	\$ 1,675
COMMITMENTS	-	-
NET ASSETS	<u>1,011,916</u>	<u>1,027,612</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,013,567</u>	<u>\$ 1,029,287</u>

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

**COMMUNITY RESOURCE CENTER**

**STATEMENTS OF SUPPORT, REVENUES, AND EXPENSES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
SUPPORT AND REVENUES:		
Contributions and grants	\$ 104,928	\$ 115,414
Program service fees	17,857	49,434
Special events	131,457	53,069
Rental income	19,142	9,925
Interest and miscellaneous income	3,084	856
Total support and revenues	<u>276,468</u>	<u>228,698</u>
EXPENSES:		
Program services	136,295	179,393
Supporting services:		
Management and general	41,714	50,900
Fundraising	106,961	21,859
Total expenses	<u>284,970</u>	<u>252,152</u>
EXCESS OF EXPENSES OVER SUPPORT AND REVENUES	(8,502)	(23,454)
OTHER CHANGES IN NET ASSETS:		
Gain (loss) on sale and disposal of assets	<u>(7,194)</u>	<u>189,571</u>
NET CHANGE IN NET ASSETS	(15,696)	166,117
NET ASSETS:		
Beginning of year	<u>1,027,612</u>	<u>861,495</u>
End of year	<u>\$ 1,011,916</u>	<u>\$ 1,027,612</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, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 49,945	\$ 26,595	\$ 18,157	\$ 94,697
Payroll taxes	4,194	2,232	1,525	7,951
Employee benefits	13,058	6,035	3,754	22,847
Total personnel expenses	67,197	34,862	23,436	125,495
Outside services	17,096	1,900	-	18,996
Utilities	6,041	671	-	6,712
Insurance	7,091	1,375	507	8,973
Fundraising - special events	-	-	83,018	83,018
Equipment repairs and maintenance	1,223	136	-	1,359
Printing and publications	145	16	-	161
Telephone and internet	1,973	219	-	2,192
Program costs	12,694	-	-	12,694
Supplies	5,576	619	-	6,195
Postage and shipping	454	50	-	504
Memberships	180	20	-	200
Taxes and licenses	531	59	-	590
Travel	345	38	-	383
Advertising and public relations	1,268	141	-	1,409
Building repairs and maintenance	1,589	177	-	1,766
Miscellaneous	1,102	121	-	1,223
Total expenses before depreciation	124,505	40,404	106,961	271,870
Depreciation	11,790	1,310	-	13,100
Total expenses	<u>\$ 136,295</u>	<u>\$ 41,714</u>	<u>\$ 106,961</u>	<u>\$ 284,970</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, 2008**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 45,205	\$ 30,558	\$ 5,605	\$ 81,368
Payroll taxes	3,581	2,420	444	6,445
Employee benefits	12,097	8,693	1,613	22,403
Total personnel expenses	60,883	41,671	7,662	110,216
Outside services	13,501	1,500	-	15,001
Utilities	9,456	1,051	-	10,507
Insurance	6,547	1,257	116	7,920
Fundraising - special events	-	-	14,081	14,081
Equipment repairs and maintenance	2,626	292	-	2,918
Printing and publications	132	15	-	147
Telephone and internet	5,132	570	-	5,702
Program costs	40,207	-	-	40,207
Supplies	1,290	143	-	1,433
Postage and shipping	572	63	-	635
Memberships	122	13	-	135
Taxes and licenses	225	25	-	250
Travel	995	111	-	1,106
Advertising and public relations	507	56	-	563
Building repairs and maintenance	171	19	-	190
Miscellaneous	2,264	251	-	2,515
Total expenses before depreciation	144,630	47,037	21,859	213,526
Depreciation	34,763	3,863	-	38,626
Total expenses	<u>\$ 179,393</u>	<u>\$ 50,900</u>	<u>\$ 21,859</u>	<u>\$ 252,152</u>

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

## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2009 AND 2008**

#### **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 2009 and 2008 in these financial statements refer to the years ended June 30, 2009 and 2008, 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.

##### **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. There were no restrictions on net assets during 2009 and 2008.

##### **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.



## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2009 AND 2008

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

##### 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.

##### 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.

##### 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.

##### Subsequent Events

The Center has evaluated subsequent events through October 30, 2009, the date which 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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 53,600	\$ -
Building and improvements	404,828	-
Furnishings, fixtures and equipment	18,580	51,674
Vehicles	6,000	6,000
Total cost	<u>483,008</u>	<u>57,674</u>
Less accumulated depreciation	<u>(24,490)</u>	<u>(46,039)</u>
Property and equipment, net	<u>\$ 458,518</u>	<u>\$ 11,635</u>

## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2009 AND 2008**

#### **NOTE 3 – PROPERTY AND EQUIPMENT (CONTINUED)**

During fiscal 2008, the former land, building and related improvements were sold. The related gain is reflected in the 2008 statement of support, revenues and expenses as other changes in net assets.

During fiscal 2009, the Center purchased land and another building for a total cash consideration of \$452,794 (purchase price of \$450,000 plus applicable fees and taxes). The new facility was leased back to the seller until it was occupied by the Center on November 1, 2008. On December 1, 2008, the Center entered into a one-year lease agreement with an unrelated not-for-profit agency. Under the terms of this lease agreement, the unrelated agency pays monthly rent of \$2,000 to the Center for the use of a portion of its facility. This lease may be continued on a month-to-month basis after the initial one-year term.

#### **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, 2009 and 2008.

#### **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.

#### **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 \$100 to \$250 annually from subscribing organizations. Subscribing partners are then allowed access to goods and services available through a resource bulletin, "The Resource Connection," and the use of the Center's equipment and vehicle. Partnership membership fees, in the amount of \$9,800 and \$9,500 for 2009 and 2008, 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 \$3,510 and \$3,518 for 2009 and 2008, respectively.