

***COMMUNITY  
RESOURCE CENTER***

**FINANCIAL STATEMENTS  
& INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2015 and 2014**

## **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, 2015 and 2014, 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, 2015 and 2014, 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 & Hays, PLLC*

Brentwood, Tennessee  
February 6, 2016

**COMMUNITY RESOURCE CENTER**

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 400,476	\$ 391,377
Prepaid expenses and other current assets	<u>1,000</u>	<u>2,130</u>
Total current assets	401,476	393,507
PROPERTY AND EQUIPMENT, NET	<u>576,653</u>	<u>626,006</u>
TOTAL ASSETS	<u>\$ 978,129</u>	<u>\$ 1,019,513</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes and related items	\$ <u>1,877</u>	\$ <u>2,557</u>
Total liabilities	<u>1,877</u>	<u>2,557</u>
NET ASSETS:		
Unrestricted	<u>976,252</u>	<u>1,016,956</u>
Total net assets	<u>976,252</u>	<u>1,016,956</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 978,129</u>	<u>\$ 1,019,513</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>SUPPORT AND REVENUES:</b>		
Private contributions and grants	\$ 160,936	\$ 136,314
Program service fees	5,400	8,309
Special events	65,361	31,215
Interest income	144	353
Total	<u>231,841</u>	<u>176,191</u>
Net assets released from restrictions	-	-
Total support and revenues	<u>231,841</u>	<u>176,191</u>
 <b>EXPENSES:</b>		
Program services	156,499	173,581
Supporting services:		
Management and general	56,207	55,940
Fundraising	59,839	52,641
Total expenses	<u>272,545</u>	<u>282,162</u>
 <b>NET CHANGE IN NET ASSETS</b>	<b>(40,704)</b>	<b>(105,971)</b>
 <b>NET ASSETS:</b>		
Beginning of year	<u>1,016,956</u>	<u>1,122,927</u>
End of year	<u>\$ 976,252</u>	<u>\$ 1,016,956</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, 2015**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 40,548	\$ 34,702	\$ 27,640	\$ 102,890
Payroll taxes	3,114	2,664	2,122	7,900
Employee benefits	10,966	8,908	7,156	27,030
Total personnel expenses	54,628	46,274	36,918	137,820
Outside services	12,424	1,381	-	13,805
Utilities	6,427	714	-	7,141
Insurance	12,844	1,427	-	14,271
Fundraising	-	-	22,921	22,921
Equipment repairs and maintenance	22	3	-	25
Printing and publications	-	-	-	-
Telephone and internet	4,228	470	-	4,698
Program costs	12,475	-	-	12,475
Supplies	4,523	503	-	5,026
Postage and shipping	81	9	-	90
Memberships	45	5	-	50
Taxes and licenses	20	2	-	22
Travel	1,134	126	-	1,260
Advertising and public relations	1,066	118	-	1,184
Building repairs and maintenance	1,037	115	-	1,152
Miscellaneous	1,127	125	-	1,252
Total expenses before depreciation	112,081	51,272	59,839	223,192
Depreciation	44,418	4,935	-	49,353
Total expenses	<u>\$ 156,499</u>	<u>\$ 56,207</u>	<u>\$ 59,839</u>	<u>\$ 272,545</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, 2014**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 40,240	\$ 34,268	\$ 27,316	\$ 101,824
Payroll taxes	3,095	2,636	2,101	7,832
Employee benefits	12,275	8,791	7,225	28,291
Total personnel expenses	55,610	45,695	36,642	137,947
Outside services	13,628	1,514	-	15,142
Utilities	5,391	599	-	5,990
Insurance	10,382	1,154	-	11,536
Fundraising	-	-	15,999	15,999
Equipment repairs and maintenance	2,714	302	-	3,016
Printing and publications	420	47	-	467
Telephone and internet	2,604	289	-	2,893
Program costs	25,776	-	-	25,776
Supplies	2,580	287	-	2,867
Postage and shipping	86	10	-	96
Memberships	261	29	-	290
Taxes and licenses	200	22	-	222
Travel	1,710	191	-	1,901
Advertising and public relations	832	92	-	924
Building repairs and maintenance	5,596	622	-	6,218
Miscellaneous	615	68	-	683
Total expenses before depreciation	128,405	50,921	52,641	231,967
Depreciation	45,176	5,019	-	50,195
Total expenses	<u>\$ 173,581</u>	<u>\$ 55,940</u>	<u>\$ 52,641</u>	<u>\$ 282,162</u>

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



## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2015 AND 2014

#### 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 2015 and 2014 in these financial statements refer to the years ended June 30, 2015 and 2014, 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, 2015 and 2014.

**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, 2015 AND 2014

#### 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, 2015, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2012.

**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 February 6, 2016, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</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>(248,215)</u>	<u>(198,862)</u>
Property and equipment, net	<u>\$ 576,653</u>	<u>\$ 626,006</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, 2015 and 2014.

#### 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, 2015 AND 2014**

#### **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." Partnership membership fees, in the amount of \$5,400 and \$8,309 for 2015 and 2014, 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 2015 and 2014.