COMMUNITY RESOURCE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2007 and 2006

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 statement of assets, liabilities, and net assets – modified cash basis of Community Resource Center (a nonprofit organization) as of June 30, 2007, and the related statements of support, revenues, and expenses – modified cash basis and of functional expenses – modified cash basis for the year 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 audit.

We conducted our audit 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 audit provides 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, 2007, and its support, revenues, and expenses for the year then ended, on the basis of accounting described in Note 2.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
October 17, 2007

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COMMUNITY RESOURCE CENTER

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2007

<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	$	170,943
Certificates of deposit		26,530
Prepaid expenses and other current assets		1,650
Total current assets		199,123
PROPERTY AND EQUIPMENT, NET		663,541
DEPOSITS		200
TOTAL ASSETS	$	862,864
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accrued and withheld payroll taxes	$	1,369
COMMITMENTS		-
NET ASSETS - UNRESTRICTED		861,495
TOTAL LIABILITIES AND NET ASSETS	$	862,864

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, 2007

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:			
Contributions and grants	$ 171,771	$ -	$ 171,771
Program service fees	80,119	-	80,119
Special events	66,979	-	66,979
Rental income	11,226	-	11,226
Interest and miscellaneous income	4,162	-	4,162
Total	334,257	-	334,257
Net assets released from restrictions	37,500	(37,500)	-
Total support and revenues	371,757	(37,500)	334,257
EXPENSES:			
Program services	210,624	-	210,624
Supporting services:			
Management and general	54,068	-	54,068
Fundraising	23,321	-	23,321
Total expenses	288,013	-	288,013
CHANGE IN NET ASSETS	83,744	(37,500)	46,244
NET ASSETS:			
Beginning of year	777,751	37,500	815,251
End of year	$ 861,495	$ -	$ 861,495

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, 2007

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 62,288	$ 34,906	$ 7,683	$ 104,877
Payroll taxes	4,827	2,705	596	8,128
Employee benefits	11,142	5,230	931	17,303
Total personnel expenses	78,257	42,841	9,210	130,308
Outside services	13,474	1,497	-	14,971
Utilities	13,192	1,466	-	14,658
Insurance	5,762	1,277	175	7,214
Fundraising - special events	-	-	13,936	13,936
Equipment repairs and maintenance	2,128	236	-	2,364
Printing and publications	3,627	403	-	4,030
Telephone and internet	6,741	749	-	7,490
Program costs	37,035	-	-	37,035
Supplies	1,944	216	-	2,160
Postage and shipping	1,297	144	-	1,441
Memberships	167	18	-	185
Taxes and licenses	383	42	-	425
Travel	2,130	237	-	2,367
Advertising and public relations	2,615	290	-	2,905
Building repairs and maintenance	1,418	158	-	1,576
Miscellaneous	1,335	148	-	1,483
Total expenses before depreciation and amortization	171,505	49,722	23,321	244,548
Depreciation and amortization	39,119	4,346	-	43,465
Total expenses	$ 210,624	$ 54,068	$ 23,321	$ 288,013

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

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 2007 in these financial statements refer to the year ended June 30, 2007, unless otherwise noted.

Basis of Accounting

Prior to July 1, 2006, the financial statements of the Center were maintained on the accrual basis of accounting. Effective July 1, 2006, the Center changed its basis of accounting to the modified cash basis of accounting. This change in the basis of accounting resulted in a reduction of beginning net assets in the amount of $413,837. This reduction consisted of the reversal of previous accruals of revenues and expenses, and the elimination of the value of noncash inventory donations, which had previously been recognized. Management believes that the modified cash basis of accounting provides a better measure of the activities of the Center, and better meets the needs of the user's of the Center's financial statements.

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. See Note 5 for further details regarding restricted net assets.

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.

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 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.

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, 2007:

Land and improvements	$ 99,790
Building and improvements	675,495
Furnishings, fixtures and equipment	144,447
Vehicles	6,000
Website development costs	12,625
Total cost	938,357
Less accumulated depreciation	(274,816)
Property and equipment, net	$663,541

NOTE 4 – NOTES PAYABLE

The Center entered into 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, 2007.

NOTE 5 – NET ASSETS

There were no temporarily restricted or permanently restricted net assets at June 30, 2007. Net assets released from restrictions consisted entirely of contributions made for the current fiscal year's operations.

NOTE 6 – 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 7 – 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 $18,700 for 2007, are included in Program Service Fees in the statement of support, revenues and expenses.

The Center receives significant noncash donations of 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 8 – 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 $2,819 for 2007.