NASHVILLE CONFLICT RESOLUTION CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors
Nashville Conflict Resolution Center

Report on the Financial Statements
We have audited the accompanying financial statements of Nashville Conflict Resolution Center (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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 misstatement 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 financial position of Nashville Conflict Resolution Center as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
January 5, 2021

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash	$ 240,958	$ 262,057
Accounts receivable	77,602	43,466
Property and equipment, net	1,682	3,680
TOTAL ASSETS	$ 320,242	$ 309,203
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 6,037	$ 2,953
Accrued expenses	14,195	5,216
Total Liabilities	20,232	8,169
NET ASSETS		
Without donor restrictions	290,010	282,767
With donor restrictions	10,000	18,267
Total Net Assets	300,010	301,034
TOTAL LIABILITIES AND NET ASSETS	$ 320,242	$ 309,203

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Revenues		
Government grants	$ 432,866	$ 335,900
Public support	196,546	21,589
In-kind contributions	147,200	236,800
Foundation grants	40,850	28,733
Fundraising	25,776	27,938
Fee income	3,790	24,339
Interest	603	-
Total Revenues	847,631	675,299
Net assets released from restrictions	18,267	20,000
Total Revenues and Reclassifications Without Donor Restrictions	865,898	695,299
Expenses		
Program services	665,308	618,987
Supporting services:		
Management and general	89,276	43,930
Fundraising	104,071	37,774
Total Expenses	858,655	700,691
Increase (Decrease) in Net Assets Without Donor Restrictions	7,243	(5,392)
Changes in Net Assets With Donor Restrictions		
Restricted grants	10,000	18,267
Net assets released from restrictions	(18,267)	(20,000)
Decrease in Net Assets With Donor Restrictions	(8,267)	(1,733)
DECREASE IN NET ASSETS	(1,024)	(7,125)
NET ASSETS, BEGINNING OF THE YEAR	301,034	308,159
NET ASSETS, END OF THE YEAR	$ 300,010	$ 301,034

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Compensation, benefits and taxes	$ 440,690	$ 57,550	$ 86,266	$ 584,506
In-kind mediation services	129,200	-	-	129,200
Professional fees	38,409	9,700	4,132	52,241
Computer software and maintenance	17,500	1,737	1,000	20,237
Telephone and internet	14,476	2,008	2,976	19,460
Rent, utilities and cleaning	11,000	3,813	-	14,813
Food and beverage	1,404	647	4,161	6,212
Insurance	2,600	2,630	-	5,230
Printing	745	226	3,452	4,423
Office equipment	3,321	890	-	4,211
Payroll processing fee	-	3,397	-	3,397
Dues and memberships	570	2,375	-	2,945
Office supplies	1,935	277	173	2,385
Facility maintenance	1,758	587	-	2,345
Travel	1,600	134	286	2,020
Depreciation	-	1,998	-	1,998
Bank and credit card fees	34	371	1,393	1,798
Postage	66	468	232	766
Other	-	468	-	468
Total expenses	$ 665,308	$ 89,276	$ 104,071	$ 858,655

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Compensation, benefits and taxes	$ 342,881	$ 8,351	$ 32,453	$ 383,685
In-kind mediation services	218,800	-	-	218,800
Professional fees	1,000	9,400	1,500	11,900
Computer software and maintenance	21,043	1,926	1,000	23,969
Telephone and internet	6,298	2,367	-	8,665
Rent, utilities and cleaning	11,257	3,753	-	15,010
Food and beverage	1,243	810	1,213	3,266
Insurance	1,747	2,936	-	4,683
Printing	108	423	1,045	1,576
Office equipment	602	2,996	-	3,598
Payroll processing fee	-	2,963	-	2,963
Dues and memberships	2,564	1,204	-	3,768
Office supplies	2,837	1,229	88	4,154
Facility maintenance	1,763	587	-	2,350
Travel	3,031	-	-	3,031
Depreciation	-	3,065	-	3,065
Bank and credit card fees	203	869	431	1,503
Postage	-	433	44	477
Other	610	618	-	1,228
Mediation training	3,000	-	-	3,000
Total expenses	$ 618,987	$ 43,930	$ 37,774	$ 700,691

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (1,024)	$ (7,125)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	1,998	3,065
Increase in operating assets:		
Accounts receivable	(34,136)	(8,818)
Increase (decrease) in operating liabilities:		
Accounts payable	3,084	(576)
Accrued expenses	8,979	652
Net Cash Used In Operating Activities	(21,099)	(12,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	-	(4,486)
Net Cash Used In Investing Activities	-	(4,486)
DECREASE IN CASH	(21,099)	(17,288)
CASH, BEGINNING OF THE YEAR	262,057	279,345
CASH, END OF THE YEAR	$ 240,958	$ 262,057

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Nashville Conflict Resolution Center (the Center) is a Tennessee not-for-profit corporation that seeks to improve the lives of Nashville residents, particularly those in underserved communities or otherwise disadvantaged in the judicial system, by providing pro-bono or low-cost mediation services and by teaching effective, non-violent conflict resolution skills. The Center's support consists primarily of funds received from government grants and foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to 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 subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes
The Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

Property and Equipment and Depreciation
The Center follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $500. Donations of furniture and equipment are recorded as revenues at their estimated fair value. Such donations are reported as revenues without donor restrictions unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful lives of three to ten years and is computed on the straight-line method.

Contributions
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition
Government grants are considered conditional contributions, and accordingly, contributions are recognized in the period in which the Center incurs and bills for the associated reimbursable costs. Program fees revenues are recognized and generally collected at the time the educational and awareness services are provided to the individuals or families.

PPP Loan
On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. The Center received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Center has elected to treat the PPP loan as a conditional contribution.

Software Development Costs
Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development state, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. During the year ended June 30, 2020, the Center has not capitalized any development costs but has expensed development costs of $78,370 as the current project is still in the feasibility and planning stage as of June 30, 2020.

Functional Expenses
The cost of providing various program services and supporting activities of the Center have been summarized on a functional basis. Accordingly, certain expenses have been allocated among program services, management and general, and fundraising expenses. Expenses requiring allocation on the statements of functional expenses are allocated based on management's estimate of time and effort spent.

New Accounting Pronouncement
In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update No. 2018-08*, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update results in treatment of most government grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluating whether contributions are unconditional or conditional. The Center has adopted this new standard; however, it did not have a material impact on the timing of grant or gift revenue recognition.

NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Center's financial assets at June 30, 2020:

	2020	2019
Financial assets at year-end:		
Cash	$ 240,958	$ 262,057
Accounts receivable	77,602	43,466
Financial assets available to meet general expenditures over the next twelve months	$ 318,560	$ 305,523

As part of its liquidity plan, the Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center receives year-round donations from contributors and grantors. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

NOTE 4 - CONCENTRATIONS

The Center has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately $12,000 at June 30, 2019. The Center maintains its cash with a high quality financial institution which the Center believes limits these risks.

Of the Center's total revenues and support for 2020, approximately 29% (35% for 2019) represent funds received from two government contracts. Additionally, in-kind contributions of goods and services totals 17% of the 2020 (32% of the 2019) total revenues and support.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	2020	2019
Federal grant	$ 40,996	$ 12,546
State of Tennessee	21,406	10,090
Foundation grant	10,000	-
Metro Dollar Bill grant	5,200	16,730
Individual pledges	-	4,100
	$ 77,602	$ 43,466

Accounts receivable are considered current since they are expected to be collected within one year. No allowance for uncollectible receivables was deemed necessary as of June 30, 2020 and 2019.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2020	2019
Equipment	$ 11,193	$ 11,193
Furniture	3,079	3,079
Leasehold improvements	1,370	1,370
	15,642	15,642
Accumulated depreciation	(13,960)	(11,962)
	$ 1,682	$ 3,680

Depreciation expense was $1,998 and $3,065 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – PPP LOAN

On May 1, 2020, the Center received a loan in the amount of $68,840 in accordance with the PPP section of the CARES Act. Under this loan program, the Center may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of June 30, 2020, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. On October 28, 2020, the Center received notification that its forgiveness application was approved and the debt had been forgiven.

The Center has elected to treat the PPP loan as a conditional contribution in the financial statements. As of June 30, 2020, it recognized income in the amount of $68,840 on public support as it believes the conditions for forgiveness have been substantially met.

NOTE 8 - DONATED GOODS AND SERVICES

Much of the Center's mediation services and education is provided by volunteers that have undergone extensive mediation training that meets or exceeds the training standards set by Tennessee Supreme Court's Rule 31. The Center reflects these services on the statements of activities since these volunteers provide specialized, professional services.

The following in-kind contributions of goods and services have been included in revenues and expenses without donor restrictions in the financial statements for the year ended June 30:

	2020	2019
Volunteer mediation services	$ 129,200	$ 218,800
Software subscription	18,000	18,000
	$ 147,200	$ 236,800

NOTE 9 - LEASING ARRANGEMENTS

The Center has a month-to-month lease with Southminster Presbyterian Church for the main floor of a house that the Center uses for administrative offices and mediation meeting space. The lease calls for monthly payments of $900 for a total of $10,800 for the years ended June 30, 2020 and 2019.

The Center has entered into an operating lease for an office copier. A schedule of future minimum lease payments under this operating leases are as follows for the years ending June 30:

2021	$ 2,124
2022	177
Total	$ 2,301

Rent expense for the office copier was $2,124 for the years ended June 30, 2020 and 2019.

NOTE 10 - NET ASSETS

The net assets with donor restrictions at June 30, 2020 and 2019 are attributable to time-restricted grants and contributions for the following fiscal year's programming.

NOTE 11 - SUBSEQUENT EVENTS

The Center has evaluated subsequent events through January 5, 2021, the date on which the financial statements were available to be issued.