

**NASHVILLE CONFLICT RESOLUTION CENTER  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NASHVILLE CONFLICT RESOLUTION CENTER  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Nashville Conflict Resolution Center  
Nashville, TN

We have audited the accompanying statement of financial position of *Nashville Conflict Resolution Center* (a not-for-profit organization) as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatements. 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.

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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hoskins & Company  
November 19, 2012

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

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**Assets**

Current assets

Cash and cash equivalents	\$ 147,046
Accounts receivable	3,888
Prepaid expenses	<u>2,696</u>
Total current assets	153,630

Noncurrent assets

Property and equipment, net of accumulated depreciation (Note 2)	<u>1,218</u>
Total noncurrent assets	<u>1,218</u>

<b>Total assets</b>	<b><u><u>\$ 154,848</u></u></b>
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**Liabilities and net assets**

Current liabilities

Accounts payable	\$ 1,861
Payroll liabilities	<u>5,120</u>
Total current liabilities	6,981

Net assets

Unrestricted net assets	<u>147,867</u>
Total net assets	<u>147,867</u>

<b>Total liabilities and net assets</b>	<b><u><u>\$ 154,848</u></u></b>
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The accompanying notes are an integral part of these financial statements.

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**Revenue and support**

Grants & contributions	\$ 257,795
Public support	8,678
Other revenue	8,010
Total revenue and support	<u>274,483</u>

**Expenses**

Program	200,162
General & administrative	54,779
Total expenses	<u>254,941</u>

Increase in net assets	19,542
Net assets, beginning of year	128,325
Net assets, end of year	<u>\$ 147,867</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**Cash flows from operating activities**

Increase in net assets	\$ 19,542
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	508
Decrease in accounts receivable	4,529
(Increase) in prepaid expenses	(715)
Increase in accounts payable	1,861
Increase in payroll liabilities	1,385
Net cash provided by operating activities	<u>27,110</u>

**Cash flows from investing activities**

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**Cash flows from financing activities**

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Net increase in cash and cash equivalents	27,110
Cash and cash equivalents, beginning of year	119,936
Cash and cash equivalents, end of year	<u><u>\$ 147,046</u></u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Program	General & administrative	Total expenses
Salary expenses	\$ 153,335	\$ 25,580	\$ 178,915
Payroll taxes	14,936	3,812	18,748
Office equipment	3,345	1,015	4,360
Dues and subscriptions	-	658	658
Office supplies	1,386	2,371	3,757
Meal expenses	2,621	152	2,773
Website	-	342	342
Marketing	68	815	883
Payroll processing fee	542	1,083	1,625
Miscellaneous	3	307	310
Postage	24	500	524
Printing and reproduction	139	85	224
Insurance	-	3,329	3,329
Telephone service	3,049	1,328	4,377
Professional fees - training	3,050	-	3,050
Professional fees - accounting	-	3,750	3,750
Professional fees - audit services	-	4,000	4,000
Professional fees - mediator reimbursement	4,747	-	4,747
Volunteer mediation training	111	-	111
Meeting expenses	68	291	359
Professional development	250	130	380
Depreciation	508	-	508
Utilities	11,786	4,625	16,411
Travel	54	299	353
Gifts and recognition	-	307	307
Contributions	140	-	140
Total expenses	<u>\$ 200,162</u>	<u>\$ 54,779</u>	<u>\$ 254,941</u>

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



**NASHVILLE CONFLICT RESOLUTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**NOTE 1---NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nashville Conflict Resolution Center (the "Organization") is a not-for-profit organization chartered under the laws of the State of Tennessee on August 14, 2000. The Organization operates as a philanthropic entity seeking 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 by teaching effective, nonviolent conflict resolution skills.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, revenue is recognized when earned, support and promises to give are recognized when received, and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Unrestricted Net Assets — Net assets that are not temporarily or permanently restricted by explicit donor stipulations or by law.

Temporarily Restricted Net Assets — Net assets of gifts of cash and other assets, accepted by board actions, that are received with donor stipulations that limit the use of the donated assets, or designated as support for future periods.

Permanently Restricted Net Assets — Net assets, accepted by board actions, subject to donor's stipulation that require the asset be invested in perpetuity.

Donated Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's functions. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958).



**NASHVILLE CONFLICT RESOLUTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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Revenue, Support, and Expenses

The Organization receives its contributions from foundations, its members, and other individuals, and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Property and Equipment

Disbursements for property and equipment, consisting of office equipment and building, are reflected in the statement of financial position at cost. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Machinery and equipment	3—10
Furniture and fixtures	3—10

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

**NASHVILLE CONFLICT RESOLUTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**NOTE 2---PROPERTY AND EQUIPMENT**

A summary of property and equipment as of June 30, 2012 was as follows:

Furniture and equipment	\$ 13,680
Less: accumulated depreciation	<u>(12,462)</u>
Property and equipment, net	<u>\$ 1,218</u>

Depreciation expense as of June 30, 2012 was \$508.

**NOTE 3---SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of November 19, 2012, the date management evaluated such events. The financial statements were available to be issued on November 19, 2012.