NASHVILLE CONFLICT RESOLUTION CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditors' Report

To the 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, 2019 and 2018, 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.

Auditors' 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 auditors' 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, 2019 and 2018, 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
December 9, 2019

NASHVILLE CONFLICT RESOLUTION CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash	$ 262,057	$ 279,345
Accounts receivable	43,466	34,648
Property and equipment, net	3,680	2,259
TOTAL ASSETS	$ 309,203	$ 316,252
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 2,953	$ 3,529
Accrued expenses	5,216	4,564
Total Liabilities	8,169	8,093
NET ASSETS		
Without donor restrictions	282,767	288,159
With donor restrictions	18,267	20,000
Total Net Assets	301,034	308,159
TOTAL LIABILITIES AND NET ASSETS	$ 309,203	$ 316,252

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues		
In-kind contributions	$ 236,800	$ 236,600
Government grants	335,900	189,146
Foundation grants	28,733	40,000
Fundraising	27,938	19,430
Fee income	24,339	11,367
Public support	21,589	42,231
Total Revenues	675,299	538,774
Net assets released from restrictions	20,000	41,500
Total Revenues and Reclassifications Without Donor Restrictions	695,299	580,274
Expenses		
Program services	618,987	472,131
Supporting services:		
Management and general	43,930	53,232
Fundraising	37,774	13,557
Total Expenses	700,691	538,920
(Decrease) Increase in Net Assets Without Donor Restrictions	(5,392)	41,354
Changes in Net Assets With Donor Restrictions		
Restricted grants	18,267	20,000
Net assets released from restrictions	(20,000)	(41,500)
Decrease in Net Assets With Donor Restrictions	(1,733)	(21,500)
(DECREASE) INCREASE IN NET ASSETS	(7,125)	19,854
NET ASSETS, BEGINNING OF THE YEAR	308,159	288,305
NET ASSETS, END OF THE YEAR	$ 301,034	$ 308,159

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	Fund-raising	Total
Compensation, benefits and taxes	$ 342,881	$ 8,351	$ 32,453	$ 383,685
In-kind mediation services	218,800	-	-	218,800
Computer software and maintenance	21,043	1,926	1,000	23,969
Rent, utilities and cleaning	11,257	3,753	-	15,010
Professional fees	1,000	9,400	1,500	11,900
Telephone and internet	6,298	2,367	-	8,665
Insurance	1,747	2,936	-	4,683
Office supplies	2,837	1,229	88	4,154
Dues and memberships	2,564	1,204	-	3,768
Office equipment	602	2,996	-	3,598
Food and beverage	1,243	810	1,213	3,266
Depreciation	-	3,065	-	3,065
Travel	3,031	-	-	3,031
Mediation training	3,000	-	-	3,000
Payroll processing fee	-	2,963	-	2,963
Facility maintenance	1,763	587	-	2,350
Printing	108	423	1,045	1,576
Bank and credit card fees	203	869	431	1,503
Professional development	610	295	-	905
Postage	-	433	44	477
Other	-	323	-	323
Fundraising event direct costs	-	-	-	-
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-raising	Total
Compensation, benefits and taxes	$ 211,692	$ 18,027	$ 5,382	$ 235,101
In-kind mediation services	218,600	-	-	218,600
Computer software and maintenance	18,011	1,000	1,000	20,011
Rent, utilities and cleaning	10,245	4,392	-	14,637
Professional fees	4,025	9,175	-	13,200
Telephone and internet	1,635	2,118	1,164	4,917
Insurance	3,115	1,335	-	4,450
Office equipment	97	2,558	-	2,655
Dues and memberships	495	1,078	250	1,823
Office supplies	957	1,572	101	2,630
Food and beverage	1,209	1,078	76	2,363
Depreciation	-	2,281	-	2,281
Travel	-	-	-	-
Mediation training	800	-	-	800
Payroll processing fee	-	2,438	-	2,438
Facility maintenance	399	1,835	-	2,234
Printing	-	1,733	-	1,733
Bank and credit card fees	207	1,188	-	1,395
Professional development	350	-	-	350
Postage	-	927	-	927
Other	294	497	4	795
Fundraising event direct costs	-	-	5,580	5,580
Total expenses	$ 472,131	$ 53,232	$ 13,557	$ 538,920

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	$ (7,125)	$ 19,854
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities		
Depreciation	3,065	2,281
Increase in operating assets:		
Accounts receivable	(8,818)	(6,774)
Increase (decrease) in operating liabilities:		
Accounts payable	(576)	(670)
Accrued expenses	652	317
Net Cash (Used In) Provided by Operating Activities	(12,802)	15,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(4,486)	(1,716)
Net Cash Used In Investing Activities	(4,486)	(1,716)
(DECREASE) INCREASE IN CASH	(17,288)	13,292
CASH, BEGINNING OF THE YEAR	279,345	266,053
CASH, END OF THE YEAR	$ 262,057	$ 279,345

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

NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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 life 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 exchange transactions and accordingly revenue is recognized in the period in which the Center incurs and bills for the associated reimbursable costs. Fee income is collected and recognized at the time the training and educational services are provided.

Functional Expenses
The costs 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
On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these statements accordingly.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Center's financial assets at June 30, 2019:

Financial assets at year end:	
Cash	$ 262,057
Accounts receivable	43,466
Financial assets available to meet general expenditures over the next twelve months	$ 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 and $29,000 at June 30, 2019 and 2018, respectively. 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 2019, approximately 35% (20% for 2018) represents funds received from two (one) government contracts. Additionally, in-kind contributions of goods and services totaled 32% of the 2019 (43% of the 2018) total revenues and support.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	2019	2018
Metro Dollar Bill grant	$ 16,730	$ 11,774
Federal grant	12,546	-
State of Tennessee	10,090	12,874
Individual pledges	4,100	-
Foundation grant	-	10,000
	$ 43,466	$ 34,648

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, 2019 and 2018.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Equipment	$ 11,193	$ 6,707
Furniture	3,079	3,079
Leasehold improvements	1,370	1,370
	15,642	11,156
Accumulated depreciation	(11,962)	(8,897)
	$ 3,680	$ 2,259

Depreciation expense was $3,065 and $2,281 for the years ended June 30, 2019 and 2018, respectively.

NOTE 7 - LEASING ARRANGEMENTS

The Center has a month-to-month lease with Southminister 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, 2019 and 2018.

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

2020	$ 2,124
2021	2,124
2022	177
Total	$ 4,425

Rent expense for the office copier was $2,124 for the years ended June 30, 2019 and 2018.

NOTE 8 - NET ASSETS

The net assets with donor restrictions at June 30, 2019 and 2018 are attributable to time restricted grants and contributions for the following fiscal year's programing.

NOTE 9 - 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 exceed 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:

	2019	2018
Mediation services	$ 218,800	$ 218,600
Software subscription	18,000	18,000
	$ 236,800	$ 236,600

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the FASB issued ASU No. 2018-*08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 will result 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 does not expect the timing of grant or gift revenue recognition to change significantly as a result of this ASU. The Center will implement ASU 2018-08 in fiscal 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the balance sheet. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2020. The Center's adoption of the new standard in 2021 will require quantitative and qualitative financial statement disclosures regarding the Center's lease arrangements and balance sheet presentation of right of use assets and lease liabilities representative of the Center's discounted future lease payments. The Center is currently evaluating the effect that implementation of the new standard will have on its financial statements in the subsequent years.

NOTE 12 - SUBSEQUENT EVENTS

The Center has evaluated subsequent events through December 9, 2019 which is the date the financial statements were available to be issued.