

**NASHVILLE CONFLICT RESOLUTION CENTER**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

# NASHVILLE CONFLICT RESOLUTION CENTER

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Nashville Conflict Resolution Center (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2013, the related statements of activities, cash flows, and functional expenses for the year 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**

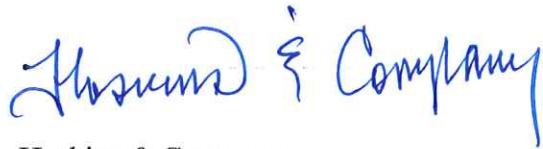
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the Nashville Conflict Resolution Center as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Hoskins & Company  
January 14, 2014

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2013**

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**Assets**

Current assets

Cash and cash equivalents	\$ 135,940
Accounts receivable (Note 2)	19,242
Prepaid expenses	1,335
Total current assets	<u>156,517</u>

Noncurrent assets

Property and equipment, net (Note 3)	<u>711</u>
Total noncurrent assets	<u>711</u>

<b>Total assets</b>	<b><u>\$ 157,228</u></b>
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**Liabilities and net assets**

Current liabilities

Accounts payable	\$ 2,793
Total current liabilities	<u>2,793</u>

Net assets

Unrestricted net assets	<u>154,435</u>
Total net assets	<u>154,435</u>

<b>Total liabilities and net assets</b>	<b><u>\$ 157,228</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, 2013**

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**Revenue and support**

Grants	\$ 183,677
Public support	8,401
Foundation	51,995
Fundraising	24,295
Other revenue	21,512
Total revenue and support	<u>289,880</u>

**Expenses**

Programs	228,254
General & administration	55,058
Total expenses	<u>283,312</u>

Increase in net assets	6,568
Net assets at beginning of fiscal year	147,867
Net assets at end of fiscal year	<u>\$ 154,435</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, 2013**

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**Cash flows from operating activities**

Increase in net assets	\$ 6,568
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	508
Increase in accounts receivable	(15,354)
Decrease in prepaid expenses	1,361
Increase in accounts payable	932
Decrease in payroll liabilities	(5,121)
Net cash used in operating activities	<u>(11,106)</u>

**Cash flows from investing activities**

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**Cash flows from financing activities**

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Net decrease in cash and cash equivalents	(11,106)
Cash and cash equivalents, beginning of year	147,046
<b>Cash and cash equivalents, end of fiscal year</b>	<u><u>\$ 135,940</u></u>

Interest paid	\$ 760
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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, 2013**

	<u>Program</u>	<u>General &amp; Administration</u>	<u>Total</u>
Salaries & wages	\$ 169,263	\$ 30,125	\$ 199,388
Payroll taxes	8,479	2,524	11,003
Payroll processing fee	1,463	366	1,829
Office equipment	2,880	-	2,880
Dues and subscriptions	150	210	360
Office supplies	1,735	182	1,917
Meal expenses	805	239	1,044
Website	267	58	325
Computer systems repair	256	219	475
Marketing	1,995	829	2,824
Miscellaneous	55	163	218
Postage	747	302	1,049
Printing and reproduction	674	134	808
Insurance	3,913	1,962	5,875
Telephone service	1,779	2,431	4,210
Professional fees	22,505	1,850	24,355
Volunteer mediation training	1,040	-	1,040
Meeting expenses	429	-	429
Rent	6,567	9,997	16,564
Travel	1,986	42	2,028
Gifts and recognition	206	9	215
Contributions	300	-	300
Fundraising event	-	2,908	2,908
Interest	760	-	760
Depreciation	-	508	508
<b>Total</b>	<u>\$ 228,254</u>	<u>\$ 55,058</u>	<u>\$ 283,312</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, 2013**

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**NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF 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 and 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 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.

At June 30, 2013, the Organization had no temporarily or permanently restricted net assets.

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).

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.

**NASHVILLE CONFLICT RESOLUTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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Revenue and Support

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.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable consist of contracts with TN state government. NCRC does not currently maintain an allowance for doubtful accounts, as management has determined based upon historical collection experience with the state government and specific evaluations of the collectability of individual balances.

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, 2013**

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**NOTE 2---ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2013 consisted of the following:

Metro Dollar Bill grant	\$ 11,210
State of Tennessee	8,032
Total Accounts Receivable	<u>\$ 19,242</u>

**NOTE 3---PROPERTY AND EQUIPMENT**

A summary of property and equipment as of June 30, 2013 was as follows:

Equipment	\$ 7,490
Furniture	3,079
Professional Library	3,110
Less: accumulated depreciation	(12,968)
Total	<u>\$ 711</u>

Depreciation expense for the fiscal year ended June 30, 2013, was \$508.

**NOTE 4---SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of January 14, 2014, the date management evaluated such events. January 14, 2014, is the date the financial statements were available to be issued.