

***COMMUNITY
RESOURCE CENTER***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2012 and 2011

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 statements of assets, liabilities, and net assets – modified cash basis of Community Resource Center (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of support, revenues, and expenses – modified cash basis and of functional expenses – modified cash basis for the years 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 audits.

We conducted our audits 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 audits provide 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, 2012 and 2011, and its support, revenues, and expenses for the years then ended, on the basis of accounting described in Note 2.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
December 21, 2012

COMMUNITY RESOURCE CENTER

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 502,050	\$ 434,614
Prepaid expenses and other current assets	<u>1,477</u>	<u>1,421</u>
Total current assets	503,527	436,035
PROPERTY AND EQUIPMENT, NET	<u>726,770</u>	<u>773,115</u>
TOTAL ASSETS	<u>\$ 1,230,297</u>	<u>\$ 1,209,150</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes	\$ 2,483	\$ 2,453
Payable to The Community Foundation of Middle Tennessee	<u>51,825</u>	<u>-</u>
Total liabilities	<u>54,308</u>	<u>2,453</u>
NET ASSETS:		
Unrestricted	1,175,989	1,206,697
Temporarily restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,175,989</u>	<u>1,206,697</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,230,297</u>	<u>\$ 1,209,150</u>

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, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 504,847	\$ -	\$ 504,847
Government grants	18,371	-	18,371
Program service fees	12,275	-	12,275
Special events	60,536	-	60,536
Miscellaneous revenue	2,765	-	2,765
Interest income	184	-	184
Total	<u>598,978</u>	<u>-</u>	<u>598,978</u>
Net assets released from restrictions	-	-	-
Total support and revenues	<u>598,978</u>	<u>-</u>	<u>598,978</u>
 EXPENSES:			
Program services	524,484	-	524,484
Supporting services:			
Management and general	51,458	-	51,458
Fundraising	53,744	-	53,744
Total expenses	<u>629,686</u>	<u>-</u>	<u>629,686</u>
 NET CHANGE IN NET ASSETS	(30,708)	-	(30,708)
 NET ASSETS:			
Beginning of year	<u>1,206,697</u>	<u>-</u>	<u>1,206,697</u>
 End of year	<u><u>\$ 1,175,989</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,175,989</u></u>

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, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 755,938	\$ -	\$ 755,938
Government grants	55,115	-	55,115
Program service fees	7,220	-	7,220
Special events	80,843	-	80,843
Interest income	1,415	-	1,415
Total support and revenues	<u>900,531</u>	<u>-</u>	<u>900,531</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Total support and revenues	<u>950,531</u>	<u>(50,000)</u>	<u>900,531</u>
 EXPENSES:			
Program services	587,775	-	587,775
Supporting services:			
Management and general	52,460	-	52,460
Fundraising	<u>51,816</u>	<u>-</u>	<u>51,816</u>
Total expenses	<u>692,051</u>	<u>-</u>	<u>692,051</u>
 NET CHANGE IN NET ASSETS	 258,480	 (50,000)	 208,480
 NET ASSETS:			
Beginning of year	<u>948,217</u>	<u>50,000</u>	<u>998,217</u>
 End of year	 <u>\$ 1,206,697</u>	 <u>\$ -</u>	 <u>\$ 1,206,697</u>

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, 2012**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 38,179	\$ 32,973	\$ 26,224	\$ 97,376
Payroll taxes	3,016	2,605	2,072	7,693
Employee benefits	8,790	6,485	5,300	20,575
Total personnel expenses	49,985	42,063	33,596	125,644
Outside services	57,333	1,259	-	58,592
Utilities	4,964	551	-	5,515
Insurance	10,256	1,140	-	11,396
Fundraising	-	-	20,148	20,148
Equipment repairs and maintenance	541	60	-	601
Printing and publications	118	13	-	131
Telephone and internet	3,031	337	-	3,368
Program costs	343,939	-	-	343,939
Supplies	5,127	570	-	5,697
Postage and shipping	194	21	-	215
Memberships	360	40	-	400
Taxes and licenses	198	22	-	220
Travel	348	39	-	387
Advertising and public relations	970	108	-	1,078
Building repairs and maintenance	246	27	-	273
Miscellaneous	1,361	151	-	1,512
Total expenses before depreciation	478,971	46,401	53,744	579,116
Depreciation	45,513	5,057	-	50,570
Total expenses	<u>\$ 524,484</u>	<u>\$ 51,458</u>	<u>\$ 53,744</u>	<u>\$ 629,686</u>

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, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 38,890	\$ 33,988	\$ 26,981	\$ 99,859
Payroll taxes	3,095	2,706	2,147	7,948
Employee benefits	<u>8,583</u>	<u>6,325</u>	<u>5,172</u>	<u>20,080</u>
Total personnel expenses	50,568	43,019	34,300	127,887
Outside services	40,789	1,155	-	41,944
Utilities	3,750	417	-	4,167
Insurance	8,832	1,654	613	11,099
Fundraising	-	-	16,903	16,903
Equipment repairs and maintenance	874	97	-	971
Printing and publications	233	26	-	259
Telephone and internet	3,438	382	-	3,820
Program costs	427,904	-	-	427,904
Supplies	4,442	493	-	4,935
Postage and shipping	210	23	-	233
Memberships	63	7	-	70
Taxes and licenses	10,782	1,198	-	11,980
Travel	537	60	-	597
Advertising and public relations	1,113	124	-	1,237
Building repairs and maintenance	333	37	-	370
Miscellaneous	<u>8,060</u>	<u>896</u>	<u>-</u>	<u>8,956</u>
Total expenses before depreciation	561,928	49,588	51,816	663,332
Depreciation	<u>25,847</u>	<u>2,872</u>	<u>-</u>	<u>28,719</u>
Total expenses	<u>\$ 587,775</u>	<u>\$ 52,460</u>	<u>\$ 51,816</u>	<u>\$ 692,051</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2012 AND 2011

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 2012 and 2011 in these financial statements refer to the years ended June 30, 2012 and 2011, respectively, unless otherwise noted.

Basis of Accounting

The financial statements of the Center are maintained on the modified cash basis of accounting. 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.

Financial Statement Presentation

The Center reports information regarding its assets, liabilities, net assets, and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. See Note 5 for further details related to net assets.

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. If a restriction expires or is met within the same year, the contribution is reported as unrestricted.

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.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2012 AND 2011

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.

The Center files an annual information return (Form 990) with the U.S. government. At June 30, 2012, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2009.

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.

Date of Management's Review

Subsequent events were evaluated through December 21, 2012, which is the date the financial statements were available to be issued.

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.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2012 AND 2011

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	742,661	738,436
Furnishings, fixtures and equipment	<u>28,607</u>	<u>28,607</u>
Total cost	824,868	820,643
Less accumulated depreciation	<u>(98,098)</u>	<u>(47,528)</u>
Property and equipment, net	<u>\$ 726,770</u>	<u>\$ 773,115</u>

NOTE 4 – NOTE PAYABLE

The Center has 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, 2012 and 2011.

NOTE 5 – NET ASSETS

During 2011, previously restricted net assets were used for building restoration and repair costs, and therefore, the restrictions were released. At June 30, 2012 and 2011, there were no remaining restrictions on net assets.

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." Partnership membership fees, in the amount of \$12,275 and \$7,220 for 2012 and 2011, respectively, are included in Program Service Fees in the statements of support, revenues and expenses.

The Center receives a significant amount of donated 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.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2012 AND 2011

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 \$2,160 for both 2012 and 2011.

NOTE 9 – PAYABLE TO COMMUNITY FOUNDATION

During 2012, the Center received contributions for flood relief programs from The Community Foundation of Middle Tennessee (the "Foundation"). Subsequent to June 30, 2012, \$51,825 of unused contributions were returned by the Center to the Foundation. This amount is reflected in the accompanying financial statements as a liability.