

**COMMUNITY  
RESOURCE CENTER**

**FINANCIAL STATEMENTS  
& INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2020 and 2019**

## **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 financial statements of Community Resource Center (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2020 and 2019, and the related statements of support, revenues, and expenses – modified cash basis and of functional expenses – modified cash basis 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 misstatements 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 assets, liabilities, and net assets of Community Resource Center as of June 30, 2020 and 2019, and its support, revenues, and expenses for the years then ended, in accordance with the basis of accounting as described in Note 2.

## Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Mullins Clemmons + Mays, PLLC*

Brentwood, Tennessee  
November 4, 2020

**COMMUNITY RESOURCE CENTER**

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 512,805	\$ 278,795
Total current assets	<u>512,805</u>	<u>278,795</u>
PROPERTY AND EQUIPMENT, NET	<u>356,745</u>	<u>401,114</u>
TOTAL ASSETS	<u>\$ 869,550</u>	<u>\$ 679,909</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes and related items	\$ 2,097	\$ 2,121
Total liabilities	<u>2,097</u>	<u>2,121</u>
NET ASSETS:		
Without donor restrictions	689,580	677,788
With donor restrictions	<u>177,873</u>	<u>-</u>
Total net assets	<u>867,453</u>	<u>677,788</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 869,550</u>	<u>\$ 679,909</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, 2020**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>SUPPORT AND REVENUES:</b>			
Private contributions and grants	\$ 201,324	\$ 347,509	\$ 548,833
Program service fees	8,366	-	8,366
Special events	5,150	-	5,150
Interest income	2,323	-	2,323
Total	<u>217,163</u>	<u>347,509</u>	<u>564,672</u>
Net assets released from restrictions	<u>169,636</u>	<u>(169,636)</u>	<u>-</u>
Total support and revenues	<u>386,799</u>	<u>177,873</u>	<u>564,672</u>
 <b>EXPENSES:</b>			
Program services	328,251	-	328,251
Supporting services:			
Management and general	29,435	-	29,435
Fundraising	17,321	-	17,321
Total expenses	<u>375,007</u>	<u>-</u>	<u>375,007</u>
 <b>NET CHANGE IN NET ASSETS</b>	 11,792	 177,873	 189,665
 <b>NET ASSETS:</b>			
Beginning of year	<u>677,788</u>	<u>-</u>	<u>677,788</u>
 End of year	<u>\$ 689,580</u>	<u>\$ 177,873</u>	<u>\$ 867,453</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, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 143,198	\$ -	\$ 143,198
Program service fees	10,825	-	10,825
Special events	59,237	-	59,237
Interest income	3,005	-	3,005
Total	<u>216,265</u>	<u>-</u>	<u>216,265</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>216,265</u>	<u>-</u>	<u>216,265</u>
EXPENSES:			
Program services	190,032	-	190,032
Supporting services:			
Management and general	62,347	-	62,347
Fundraising	69,843	-	69,843
Total expenses	<u>322,222</u>	<u>-</u>	<u>322,222</u>
NET CHANGE IN NET ASSETS	(105,957)	-	(105,957)
NET ASSETS:			
Beginning of year	<u>783,745</u>	<u>-</u>	<u>783,745</u>
End of year	<u>\$ 677,788</u>	<u>\$ -</u>	<u>\$ 677,788</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, 2020**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 85,739	\$ 13,996	\$ 7,228	\$ 106,963
Payroll taxes	6,644	1,084	560	8,288
Employee benefits	4,891	1,630	1,630	8,151
Total personnel expenses	97,274	16,710	9,418	123,402
Outside services	14,410	3,775	-	18,185
Utilities	15,279	2,214	104	17,597
Insurance	6,489	767	75	7,331
Fundraising	-	-	7,724	7,724
Equipment repairs and maintenance	747	83	-	830
Telephone and internet	1,291	144	-	1,435
Program costs	14,442	-	-	14,442
Program costs - tornado	68,774	-	-	68,774
Program costs - COVID-19	57,888	-	-	57,888
Supplies	3,164	352	-	3,516
Postage and shipping	137	15	-	152
Taxes and licenses	847	94	-	941
Travel	481	54	-	535
Advertising and public relations	445	50	-	495
Building repairs and maintenance	4,598	511	-	5,109
Miscellaneous	2,053	229	-	2,282
Total expenses before depreciation	288,319	24,998	17,321	330,638
Depreciation	39,932	4,437	-	44,369
Total expenses	<u>\$ 328,251</u>	<u>\$ 29,435</u>	<u>\$ 17,321</u>	<u>\$ 375,007</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, 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 56,833	\$ 35,442	\$ 27,714	\$ 119,989
Payroll taxes	4,348	2,711	2,120	9,179
Employee benefits	12,206	4,924	4,639	21,769
Total personnel expenses	73,387	43,077	34,473	150,937
Outside services	15,766	10,410	-	26,176
Utilities	9,827	1,598	173	11,598
Insurance	5,836	1,193	517	7,546
Fundraising	-	-	34,680	34,680
Equipment repairs and maintenance	2,380	264	-	2,644
Telephone and internet	2,123	236	-	2,359
Program costs	30,600	-	-	30,600
Program costs - tornado	-	-	-	-
Program costs - COVID-19	-	-	-	-
Supplies	4,501	500	-	5,001
Postage and shipping	268	30	-	298
Taxes and licenses	276	31	-	307
Travel	257	29	-	286
Advertising and public relations	829	92	-	921
Building repairs and maintenance	2,524	280	-	2,804
Miscellaneous	1,655	184	-	1,839
Total expenses before depreciation	150,229	57,924	69,843	277,996
Depreciation	39,803	4,423	-	44,226
Total expenses	<u>\$ 190,032</u>	<u>\$ 62,347</u>	<u>\$ 69,843</u>	<u>\$ 322,222</u>

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

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2020 AND 2019

#### 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 2020 and 2019 in these financial statements refer to the years ended June 30, 2020 and 2019, 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 the following net asset classifications:

**Net assets without donor restrictions** – Net assets not subject to any 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 whose use by the Center is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Center pursuant to those restrictions or by the passage of time. The Center has no donor restrictions which are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity..

See Note 8 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 net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of support, revenues and expenses as net assets released from restrictions. If a restriction expires or is met within the same year, the contribution is reported as without donor restrictions.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**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 4 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, 2020, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2017.

**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.

See Note 9 for further details related to the methods used to allocate expenses.

**Date of Management's Review** - Subsequent events were evaluated through November 4, 2020, 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.

**Recently Issued Accounting Pronouncements** - In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the "ASU"). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. There were no reclassifications or restatements in the classes of net assets as a result of the adoption of the ASU.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2020 and 2019, consist of cash and cash equivalents totaling \$512,805 and \$278,795, respectively.

#### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	742,661	742,661
Furnishings, fixtures and equipment	<u>34,093</u>	<u>34,093</u>
Total cost	830,354	830,354
Less accumulated depreciation	<u>(473,609)</u>	<u>(429,240)</u>
Property and equipment, net	<u>\$ 356,745</u>	<u>\$ 401,114</u>

#### NOTE 5 – PUBLIC SUPPORT

The Center is dependent on public support in the form of cash donations and private 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 6 – PARTNERSHIP PROGRAM

The Center has established a partnership program with other local non-profit organizations whereby the Center receives partnership membership fees ranging from \$125 to \$300 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 \$8,366 and \$10,825 for 2020 and 2019, 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.

#### NOTE 7 – 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 \$840 and \$2,380 for 2020 and 2019, respectively.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
For specific purposes:		
Tornado relief	\$ 158,028	\$ -
COVID-19	19,845	-
Total donor restricted net assets	<u>\$ 177,873</u>	<u>\$ -</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions during 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of specific purposes:		
Tornado relief	\$ 93,235	\$ -
COVID-19	76,401	-
Total net assets released from restrictions	<u>\$ 169,636</u>	<u>\$ -</u>

#### NOTE 9 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses which are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include salaries, payroll taxes, insurance, equipment and building repairs and maintenance, supplies, postage and licenses, which are allocated on the basis of estimates of time and effort, as well as utilities which are allocated on a square footage basis.

#### NOTE 10 – RISKS AND UNCERTAINTIES

In December 2019, COVID-19 emerged and subsequently spread worldwide. The World Health Organization declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. In an effort to mitigate the spread of COVID-19, the mayor of Nashville announced a "Safer at Home Order". As the COVID-19 pandemic is complex and rapidly evolving, management cannot reasonably estimate the duration and severity of this pandemic, which could have a material impact on the Center's business, results of operations, and cash flows.