

**COMMUNITY
RESOURCE CENTER**

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, and its support, revenues, and expenses for the years then ended, on the basis of accounting described in Note 2.



Brentwood, Tennessee
November 29, 2011

COMMUNITY RESOURCE CENTER

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 434,614	\$ 528,234
Certificate of deposit	-	29,142
Prepaid expenses and other current assets	<u>1,421</u>	<u>1,846</u>
Total current assets	436,035	559,222
 PROPERTY AND EQUIPMENT, NET	 <u>773,115</u>	 <u>440,690</u>
 TOTAL ASSETS	 <u><u>\$ 1,209,150</u></u>	 <u><u>\$ 999,912</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes	<u>\$ 2,453</u>	<u>\$ 1,695</u>
Total liabilities	<u>2,453</u>	<u>1,695</u>
 NET ASSETS:		
Unrestricted	1,206,697	948,217
Temporarily restricted	<u>-</u>	<u>50,000</u>
Total net assets	<u>1,206,697</u>	<u>998,217</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,209,150</u></u>	 <u><u>\$ 999,912</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	<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><u>\$ 1,206,697</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,206,697</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, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 106,821	\$ 50,000	\$ 156,821
Program service fees	11,365	-	11,365
Special events	40,850	-	40,850
Rental income	10,000	-	10,000
Interest income	593	-	593
Total support and revenues	<u>169,629</u>	<u>50,000</u>	<u>219,629</u>
EXPENSES:			
Program services	117,202	-	117,202
Supporting services:			
Management and general	47,416	-	47,416
Fundraising	59,507	-	59,507
Total expenses	<u>224,125</u>	<u>-</u>	<u>224,125</u>
EXCESS OF EXPENSES OVER SUPPORT AND REVENUES	(54,496)	50,000	(4,496)
OTHER CHANGES IN NET ASSETS:			
Net flood losses	<u>(9,203)</u>	<u>-</u>	<u>(9,203)</u>
NET CHANGE IN NET ASSETS	(63,699)	50,000	(13,699)
NET ASSETS:			
Beginning of year	<u>1,011,916</u>	<u>-</u>	<u>1,011,916</u>
End of year	<u>\$ 948,217</u>	<u>\$ 50,000</u>	<u>\$ 998,217</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	8,583	6,325	5,172	20,080
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 - special events	-	-	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	8,060	896	-	8,956
Total expenses before depreciation	561,928	49,588	51,816	663,332
Depreciation	25,847	2,872	-	28,719
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**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 36,949	\$ 32,564	\$ 25,814	\$ 95,327
Payroll taxes	3,115	2,745	2,176	8,036
Employee benefits	8,607	6,355	5,195	20,157
Total personnel expenses	48,671	41,664	33,185	123,520
Outside services	11,996	1,333	-	13,329
Utilities	5,795	644	-	6,439
Insurance	6,808	1,581	748	9,137
Fundraising - special events	-	-	25,574	25,574
Equipment repairs and maintenance	204	23	-	227
Printing and publications	38	4	-	42
Telephone and internet	3,114	346	-	3,460
Program costs	24,168	-	-	24,168
Supplies	1,909	212	-	2,121
Memberships	253	28	-	281
Taxes and licenses	351	39	-	390
Travel	219	24	-	243
Advertising and public relations	212	23	-	235
Building repairs and maintenance	276	31	-	307
Miscellaneous	2,311	256	-	2,567
Total expenses before depreciation	106,325	46,208	59,507	212,040
Depreciation	10,877	1,208	-	12,085
Total expenses	<u>\$ 117,202</u>	<u>\$ 47,416</u>	<u>\$ 59,507</u>	<u>\$ 224,125</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2011 AND 2010

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 2011 and 2010 in these financial statements refer to the years ended June 30, 2011 and 2010, 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, 2011 AND 2010

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, 2011, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2008.

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 November 29 2011, 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, 2011 AND 2010

NOTE 3 – PROPERTY AND EQUIPMENT

During fiscal 2009, the Center purchased land and a building for a total cash consideration of \$452,794 (purchase price of \$450,000 plus applicable fees and taxes). The new facility was leased back to the seller until it was occupied by the Center on November 1, 2008. On December 1, 2008, the Center entered into a one-year lease agreement with an unrelated not-for-profit agency. Under the terms of this lease agreement, the unrelated agency paid monthly rent of \$2,000 to the Center for the use of a portion of its facility. This lease was not renewed when it expired on November 30, 2009.

Property and equipment consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	738,436	404,828
Furnishings, fixtures and equipment	<u>28,607</u>	<u>1,072</u>
Total cost	820,643	459,500
Less accumulated depreciation	<u>(47,528)</u>	<u>(18,810)</u>
Property and equipment, net	<u>\$ 773,115</u>	<u>\$ 440,690</u>

See Note 9 for a description of the flood losses that occurred in May 2010.

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, 2011 and 2010.

NOTE 5 – NET ASSETS

Temporarily restricted net assets at June 30, 2011 and 2010 were available for the following purpose:

	<u>2011</u>	<u>2010</u>
Building restoration and repair	<u>\$ -</u>	<u>\$ 50,000</u>

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

There were no permanently restricted net assets at June 30, 2011 and 2010.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2011 AND 2010

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 \$7,220 and \$11,365 for 2011 and 2010, 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 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 2011 and 2010.

NOTE 9 – FLOOD LOSSES

At the beginning of May 2010, a significant portion of the Middle Tennessee area was damaged by flood waters. On May 4, 2010, the President issued a federal disaster declaration for the area. All of the Center's furnishings, fixtures and equipment and its inventory of donated items were lost as a result of the flood. The Center's building suffered significant flood damage as well. During 2011, the Center capitalized approximately \$361,000 of asset costs related to the repair and restoration of its building and the replacement of its furnishings, fixtures and equipment. Several contributions and grants were received to defray some of these costs.

Following is a schedule of the amounts included in the net flood losses reported in the accompanying Statement of Support, Revenues, and Expenses for the year ended June 30, 2010:

Loss on disposal of furnishings, fixtures and equipment	\$ 6,815
Site clean-up and hygiene costs	22,031
Insurance recoveries	<u>(19,643)</u>
Net flood losses	<u>\$ 9,203</u>