

***COMMUNITY RESOURCE
CENTER***

FINANCIAL STATEMENTS

JUNE 30, 2005 and 2004

COMMUNITY RESOURCE CENTER

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements as of June 30, 2005 and 2004 and for the Years then ended:	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 11

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 financial position of Community Resource Center (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Resource Center as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
November 8, 2005

COMMUNITY RESOURCE CENTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

	2005	2004
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 53,987	\$ 72,212
Certificates of deposit	75,000	-
Promises to give, net	18,000	74,300
Inventories	514,220	583,831
Prepaid expenses	1,617	1,503
Total current assets	662,824	731,846
PROPERTY AND EQUIPMENT, NET	734,286	690,292
DEPOSITS	200	200
TOTAL ASSETS	<u>\$ 1,397,310</u>	<u>\$ 1,422,338</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,271	\$ 2,728
Accrued salaries and wages	3,827	2,556
Accrued and withheld payroll taxes	3,049	2,685
Total liabilities	14,147	7,969
COMMITMENTS	-	-
NET ASSETS:		
Unrestricted	1,323,663	1,303,289
Temporarily restricted	59,500	111,080
Total net assets	1,383,163	1,414,369
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,397,310</u>	<u>\$ 1,422,338</u>

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

COMMUNITY RESOURCE CENTER**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Contributions and grants	\$ 59,863	\$ 101,000	\$ 160,863
Noncash contributions	1,252,544	-	1,252,544
Program service fees	64,771	-	64,771
Special events	92,295	-	92,295
Rental income	11,886	-	11,886
Interest and miscellaneous income	244	-	244
Total	<u>1,481,603</u>	<u>101,000</u>	<u>1,582,603</u>
Net assets released from restrictions	<u>152,580</u>	<u>(152,580)</u>	<u>-</u>
Total support and revenues	<u>1,634,183</u>	<u>(51,580)</u>	<u>1,582,603</u>
EXPENSES:			
Program services	1,508,323	-	1,508,323
Supporting services:			
Management and general	69,893	-	69,893
Fundraising	35,593	-	35,593
Total expenses	<u>1,613,809</u>	<u>-</u>	<u>1,613,809</u>
CHANGE IN NET ASSETS	20,374	(51,580)	(31,206)
NET ASSETS:			
Beginning of year	<u>1,303,289</u>	<u>111,080</u>	<u>1,414,369</u>
End of year	<u>\$ 1,323,663</u>	<u>\$ 59,500</u>	<u>\$ 1,383,163</u>

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

COMMUNITY RESOURCE CENTER**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Contributions and grants	\$ 54,793	\$ 290,880	\$ 345,673
Noncash contributions	3,108,889	-	3,108,889
Program service fees	69,363	-	69,363
Special events	48,018	-	48,018
Rental income	10,988	-	10,988
Interest and miscellaneous income	260	-	260
Total	<u>3,292,311</u>	<u>290,880</u>	<u>3,583,191</u>
 Net assets released from restrictions	<u>244,770</u>	<u>(244,770)</u>	<u>-</u>
 Total support and revenues	<u>3,537,081</u>	<u>46,110</u>	<u>3,583,191</u>
 EXPENSES:			
Program services	3,001,999	-	3,001,999
Supporting services:			
Management and general	65,630	-	65,630
Fundraising	33,582	-	33,582
Total expenses	<u>3,101,211</u>	<u>-</u>	<u>3,101,211</u>
 OTHER CHANGES:			
Loss on disposal of assets	<u>2,891</u>	<u>-</u>	<u>2,891</u>
 CHANGE IN NET ASSETS	<u>432,979</u>	<u>46,110</u>	<u>479,089</u>
 NET ASSETS:			
Beginning of year	<u>870,310</u>	<u>64,970</u>	<u>935,280</u>
 End of year	<u>\$ 1,303,289</u>	<u>\$ 111,080</u>	<u>\$ 1,414,369</u>

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

COMMUNITY RESOURCE CENTER

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2005

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 72,173	\$ 44,015	\$ 10,835	\$ 127,023
Payroll taxes	5,531	3,373	831	9,735
Employee benefits	9,322	10,700	2,192	22,214
Total personnel expenses	87,026	58,088	13,858	158,972
Distributions to partners	1,262,501	-	-	1,262,501
Outside services	10,002	1,111	-	11,113
Utilities	11,472	1,275	-	12,747
Insurance	6,629	904	51	7,584
Fundraising - special events	-	-	21,684	21,684
Equipment repairs and maintenance	2,901	322	-	3,223
Printing and publications	10,358	1,151	-	11,509
Telephone and internet	2,982	331	-	3,313
Program costs	54,043	-	-	54,043
Supplies	5,001	556	-	5,557
Postage and shipping	1,880	209	-	2,089
Memberships	779	86	-	865
Taxes and licenses	760	84	-	844
Travel	3,866	429	-	4,295
Advertising and public relations	2,027	225	-	2,252
Building repairs and maintenance	1,609	179	-	1,788
Miscellaneous	4,624	514	-	5,138
Total expenses before depreciation and amortization	1,468,460	65,464	35,593	1,569,517
Depreciation and amortization	39,863	4,429	-	44,292
Total expenses	<u>\$ 1,508,323</u>	<u>\$ 69,893</u>	<u>\$ 35,593</u>	<u>\$ 1,613,809</u>

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

COMMUNITY RESOURCE CENTER

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2004

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 71,859	\$ 42,063	\$ 10,724	\$ 124,646
Payroll taxes	5,575	3,263	832	9,670
Employee benefits	6,163	6,890	1,374	14,427
Total personnel expenses	83,597	52,216	12,930	148,743
Distributions to partners	2,801,569	-	-	2,801,569
Outside services	7,515	835	6,400	14,750
Interest	5,528	614	-	6,142
Utilities	10,923	1,214	-	12,137
Insurance	10,591	3,464	720	14,775
Fundraising - special events	-	-	13,532	13,532
Equipment repairs and maintenance	2,835	315	-	3,150
Printing and publications	6,688	743	-	7,431
Telephone and internet	3,049	339	-	3,388
Program costs	16,699	-	-	16,699
Supplies	3,384	376	-	3,760
Postage and shipping	1,561	173	-	1,734
Memberships	554	61	-	615
Taxes and licenses	477	53	-	530
Travel	2,832	315	-	3,147
Advertising and public relations	755	84	-	839
Building repairs and maintenance	13,039	1,449	-	14,488
Miscellaneous	1,883	210	-	2,093
Total expenses before depreciation and amortization	2,973,479	62,461	33,582	3,069,522
Depreciation and amortization	28,520	3,169	-	31,689
Total expenses	<u>\$ 3,001,999</u>	<u>\$ 65,630</u>	<u>\$ 33,582</u>	<u>\$ 3,101,211</u>

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

COMMUNITY RESOURCE CENTER

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (31,206)	\$ 479,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,292	31,689
Noncash contributions	(1,252,544)	(3,108,889)
Noncash distributions to partners	1,262,501	2,801,569
Noncash expenses	-	7,044
Loss on disposal of assets	392	2,891
Net changes in other assets and liabilities:		
Promises to give	56,300	(9,330)
Inventories	(12,296)	-
Prepaid expenses	(114)	(1,503)
Accounts payable	4,543	1,737
Accrued salaries and wages	1,271	232
Accrued and withheld payroll taxes	364	274
Net cash provided by operating activities	<u>73,503</u>	<u>204,803</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment in certificates of deposit	(75,000)	-
Purchases of property and equipment	<u>(16,728)</u>	<u>(13,083)</u>
Net cash used in investing activities	<u>(91,728)</u>	<u>(13,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>-</u>	<u>(216,576)</u>
Net cash used in financing activities	<u>-</u>	<u>(216,576)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,225)	(24,856)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>72,212</u>	<u>97,068</u>
End of year	<u>\$ 53,987</u>	<u>\$ 72,212</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 6,142</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004

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 2005 and 2004 in these financial statements refer to the years ended June 30, 2005 and 2004, respectively, unless otherwise noted.

Basis of Accounting

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

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. 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 statement of activities as net assets released from restrictions.

Conditional promises to give are not included as support until conditions are substantially met. When collected prior to satisfaction of donor conditions, such amounts are reported as refundable advances.

The Center uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Bad debt expense is recorded as a reduction of contribution revenues. At June 30, 2005 and 2004, all promises receivable were considered to fully collectible, and therefore, no allowance for uncollectible promises was deemed necessary.

See Note 3 for further details.

Donated Materials and Services

Donated equipment, supplies and materials are recognized as noncash contributions at their estimated fair values at date of receipt. The value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. 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 (CONTINUED) **JUNE 30, 2005 AND 2004**

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.

Inventories

Inventories, which consist primarily of donated equipment, supplies and materials, are recorded at their estimated fair values at the time of donation or cost, if purchased.

Property and Equipment

Property and equipment additions, major renewals and betterments are recorded at cost at the date of purchase, at fair value at the date of gift if the value is readily determinable, or other reasonable basis, as determined by management, if cost is unknown. 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.

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.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 (CONTINUED) JUNE 30, 2005 AND 2004

NOTE 3 – PROMISES TO GIVE

Promises to give at June 30, 2005 and 2004 consisted entirely of donations that are expected to be collected during the following fiscal year. All of the promises are temporarily restricted. See Note 6 for further details.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Land and improvements	\$ 99,790	\$ 99,790
Building and improvements	666,030	664,014
Furnishings, fixtures and equipment	143,667	72,040
Vehicles	6,000	-
Website development costs	<u>8,050</u>	<u>-</u>
Total cost	923,537	835,844
Less accumulated depreciation	<u>(189,251)</u>	<u>(145,552)</u>
Property and equipment, net	<u>\$734,286</u>	<u>\$690,292</u>

NOTE 5 – NOTES PAYABLE

The former installment note payable was payable to a bank in monthly installments of \$1,580, including interest at an annual rate of 5.5%, until March, 2004, at which time the remaining principal and accrued interest was paid in full. The note was collateralized by the Center's land, building and related improvements.

During 2005, the Center entered into 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. The line of credit agreement matures on October 12, 2005. No borrowings were outstanding under this agreement at June 30, 2005.

NOTE 6 – NET ASSETS

Temporarily restricted net assets at June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Cash:		
Next fiscal year's operations	\$41,500	\$ 25,000
Technology grant	-	11,780
Promises to give:		
Next fiscal year's operations	18,000	68,300
Materials for the arts	-	5,000
Computer connection	<u>-</u>	<u>1,000</u>
Total temporarily restricted net assets	<u>\$59,500</u>	<u>\$111,080</u>

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2005 AND 2004

NOTE 6 – NET ASSETS (CONTINUED)

Net assets released from restrictions consisted of the following for 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Current fiscal year's operations	\$134,800	\$ 89,970
Technology	11,780	-
Material for the arts	5,000	-
Computer connection	1,000	-
Retirement of debt	-	154,800
Net assets released from restrictions	<u>\$152,580</u>	<u>\$244,770</u>

There were no permanent restrictions on net assets at June 30, 2005 and 2004.

NOTE 7 – 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 8 – 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," and the use of the Center's equipment and vehicle. Partnership membership fees received during 2005 and 2004 totaled \$29,675 and \$36,425, respectively, and are included in Program Service Fees in the statement of activities.

Distributions to partners, consisting entirely of inventories donated to the Center, are recorded at the fair values of the related items. During 2005 and 2004, the Center distributed \$1,262,501 and \$2,801,569, respectively, to its subscribing partners.

NOTE 9 – 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 matches 100% of participant contributions up to 6% of the participant's salary each quarter. The Center's expense for matching contributions totaled \$5,421 and \$3,300 for 2005 and 2004, respectively.