

**COMMUNITY  
RESOURCE CENTER**

**FINANCIAL STATEMENTS  
& INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2010 and 2009**

## **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, 2010 and 2009, 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, 2010 and 2009, and its support, revenues, and expenses for the years then ended, on the basis of accounting described in Note 2.



Brentwood, Tennessee  
November 3, 2010

**COMMUNITY RESOURCE CENTER**

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 528,234	\$ 524,418
Certificates of deposit	29,142	28,770
Prepaid expenses and other current assets	<u>1,846</u>	<u>1,661</u>
Total current assets	559,222	554,849
PROPERTY AND EQUIPMENT, NET	440,690	458,518
DEPOSITS	<u>-</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 999,912</u>	<u>\$ 1,013,567</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Withheld payroll taxes	\$ 1,695	\$ 1,651
Total liabilities	<u>1,695</u>	<u>1,651</u>
NET ASSETS:		
Unrestricted	948,217	1,011,916
Temporarily restricted	<u>50,000</u>	<u>-</u>
Total net assets	<u>998,217</u>	<u>1,011,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 999,912</u>	<u>\$ 1,013,567</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>
<b>SUPPORT AND REVENUES:</b>			
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>
<b>EXPENSES:</b>			
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>
<b>EXCESS OF EXPENSES OVER SUPPORT AND REVENUES</b>	(54,496)	50,000	(4,496)
<b>OTHER CHANGES IN NET ASSETS:</b>			
Net flood losses	<u>(9,203)</u>	<u>-</u>	<u>(9,203)</u>
<b>NET CHANGE IN NET ASSETS</b>	(63,699)	50,000	(13,699)
<b>NET ASSETS:</b>			
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 SUPPORT, REVENUES, AND EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES:</b>			
Contributions and grants	\$ 104,928	\$ -	\$ 104,928
Program service fees	17,857	-	17,857
Special events	131,457	-	131,457
Rental income	19,142	-	19,142
Interest income	3,084	-	3,084
Total support and revenues	<u>276,468</u>	<u>-</u>	<u>276,468</u>
<b>EXPENSES:</b>			
Program services	136,295	-	136,295
Supporting services:			
Management and general	41,714	-	41,714
Fundraising	106,961	-	106,961
Total expenses	<u>284,970</u>	<u>-</u>	<u>284,970</u>
<b>EXCESS OF EXPENSES OVER SUPPORT AND REVENUES</b>	(8,502)	-	(8,502)
<b>OTHER CHANGES IN NET ASSETS:</b>			
Net loss on disposal of assets	<u>(7,194)</u>	<u>-</u>	<u>(7,194)</u>
<b>NET CHANGE IN NET ASSETS</b>	(15,696)	-	(15,696)
<b>NET ASSETS:</b>			
Beginning of year	<u>1,027,612</u>	<u>-</u>	<u>1,027,612</u>
End of year	<u>\$ 1,011,916</u>	<u>\$ -</u>	<u>\$ 1,011,916</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****STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 49,945	\$ 26,595	\$ 18,157	\$ 94,697
Payroll taxes	4,194	2,232	1,525	7,951
Employee benefits	13,058	6,035	3,754	22,847
Total personnel expenses	67,197	34,862	23,436	125,495
Outside services	17,096	1,900	-	18,996
Utilities	6,041	671	-	6,712
Insurance	7,091	1,375	507	8,973
Fundraising - special events	-	-	83,018	83,018
Equipment repairs and maintenance	1,223	136	-	1,359
Printing and publications	145	16	-	161
Telephone and internet	1,973	219	-	2,192
Program costs	12,694	-	-	12,694
Supplies	5,576	619	-	6,195
Postage and shipping	454	50	-	504
Memberships	180	20	-	200
Taxes and licenses	531	59	-	590
Travel	345	38	-	383
Advertising and public relations	1,268	141	-	1,409
Building repairs and maintenance	1,589	177	-	1,766
Miscellaneous	1,102	121	-	1,223
Total expenses before depreciation	124,505	40,404	106,961	271,870
Depreciation	11,790	1,310	-	13,100
Total expenses	<u>\$ 136,295</u>	<u>\$ 41,714</u>	<u>\$ 106,961</u>	<u>\$ 284,970</u>

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



## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2010 AND 2009**

#### **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 2010 and 2009 in these financial statements refer to the years ended June 30, 2010 and 2009, 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.

##### **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.

## **COMMUNITY RESOURCE CENTER**

### **NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2010 AND 2009**

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

##### **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, 2010, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2007.

##### **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 3, 2010, 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.

#### **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.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2010 AND 2009

#### NOTE 3 – PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 53,600	\$ 53,600
Building and improvements	404,828	404,828
Furnishings, fixtures and equipment	1,072	18,580
Vehicles	-	6,000
Total cost	<u>459,500</u>	<u>483,008</u>
Less accumulated depreciation	<u>(18,810)</u>	<u>(24,490)</u>
Property and equipment, net	<u>\$ 440,690</u>	<u>\$ 458,518</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, 2010 and 2009.

#### NOTE 5 – NET ASSETS

Temporarily restricted net assets at June 30, 2010 and 2009 were available for the following purpose:

	<u>2010</u>	<u>2009</u>
Building restoration and repair	<u>\$ 50,000</u>	<u>\$ -</u>

At June 30, 2010, these assets have not been spent, and therefore, there have been no releases of the restrictions. Subsequent to June 30, 2010, additional contributions totaling \$175,000 have been received for this purpose.

There were no permanently restricted net assets at June 30, 2010 and 2009.

#### 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.

## COMMUNITY RESOURCE CENTER

### NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2010 AND 2009

#### 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," and the use of the Center's equipment and vehicle. Partnership membership fees, in the amount of \$11,365 and \$9,800 for 2010 and 2009, 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 and \$3,510 for 2010 and 2009, respectively.

#### 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. Under the modified cash basis of accounting, no provision is made for the damage to the Center's building.

The Center has received insurance settlements for a portion of the losses, and is receiving contributions for restoration and repair of the building (see Note 5). The Center has also applied for assistance from the Federal Emergency Management Agency. The estimated cost of the building restoration and repair is \$340,000.

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	(19,643)
Net flood losses	<u>\$ 9,203</u>