

THE MEDIATION CENTER
REVIEWED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2012

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

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D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

204 WEST 4TH STREET, SUITE B
COLUMBIA, TENNESSEE 38401

TELEPHONE 931-381-7010
FAX 931-381-3752

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Mediation Center
Columbia, Tennessee

I have reviewed the accompanying statement of financial position of The Mediation Center (a Tennessee nonprofit corporation), as of December 31, 2012 and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of The Mediation Center management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financials statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

D. Gregory Johnson, CPA

June 17, 2013

**THE MEDIATION CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

Current assets

Cash	\$ 8,832
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Property and equipment,

net of accumulated depreciation of \$11,406	<u>58</u>
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Total assets	<u><u>\$ 8,890</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Payroll taxes withheld and payable	\$ 932
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Net assets

Unrestricted	<u>7,958</u>
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Total liabilities and net assets	<u><u>\$ 8,890</u></u>
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See accompanying notes and independent accountant's review report.

**THE MEDIATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Revenue and other support

Public support	\$ 6,630
State of Tennessee - Access & Visitation	3,686
State of Tennessee - VORP	400
United Way	4,000
Maury County Litigation Tax	8,661
Mediation services fees	5,590
Fundraiser - golf tournament	4,680
In-kind - office rent	3,000
Interest income	3

Total revenue and other support	36,650
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Expenses

Program services	16,306
Fundraising	2,150
General and administrative	6,384
Total expenses	24,840

Increase in net assets	11,810
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Net assets (deficit), beginning of year	(3,852)
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Net assets, end of year	\$ 7,958
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See accompanying notes and independent accountant's review report.

**THE MEDIATION CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012**

Cash flows from operating activities

Increase in net assets	\$ 11,810
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	390
Decrease in payroll taxes withheld and payable	<u>(6,334)</u>

Net increase in cash 5,866

Cash, beginning of year 2,966

Cash, end of year \$ 8,832

See accompanying notes and independent accountant's review report.

**THE MEDIATION CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Mediation Center (the Center) was chartered in 1995 as a not-for-profit Tennessee corporation to provide services that will help individuals, families, communities and businesses achieve peaceful, just and creative resolution of disputes. The Center mediates disputes between those who are willing to try collaborative problem solving and to creatively use mediation to prevent violence and unjust settlement of conflicts. Mediation services include juvenile court victim-offender resolutions, parenting plan disputes, and other divorce issues. The Center also provides training for volunteers who then become community mediators.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities* (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

Support and Revenue

The Center receives a majority of its grant support from the Supreme Court of Tennessee's Administrative Office of the Courts. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted. Otherwise, when a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. As required by FASB ASC 958, contributions of donated services that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received. However, volunteers, mainly board members donate their time in performing a variety of tasks that assist the Center with its fund raisers and committee assignments. No amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for recognition under FASB ASC 958.

**THE MEDIATION CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Cash and Cash Equivalents

For cash flow purposes, the Center considers any investment with an original maturity of three months or less to be a cash equivalent.

Concentration of Credit Risk

Financial instruments that potentially subject the Center to credit risk include cash deposits. The Center maintains cash accounts at banks that are insured by the FDIC up to \$250,000. There were no amounts in banks in excess of insured limits as of December 31, 2012. Management periodically evaluates the relative credit standards of these financial institutions.

Property, Plant and Equipment

Property, plant and equipment are capitalized at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not materially extend the useful lives of the assets, are expensed. Office equipment is being depreciated over its estimated useful life of five years and furniture over its estimated useful life of 10 years. Both using a straight-line method. Any donated assets are reported at fair value, and systematically depreciated over their estimated useful life. Depreciation expense for the current year was \$390.

Use of Estimates

The preparation of financial statements in conformity with 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.

Income Taxes

The Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Compensated Absences

The Center does not accrue a liability for accrued leave time since amounts cannot be reasonably estimated, and any amounts would be immaterial.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Date of Management's Review

Subsequent events were evaluated through June 17, 2013, which is the date the financial statements were available to be issued.

**THE MEDIATION CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE B – PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment at December 31, 2012 consisted of the following:

Office equipment and furniture	\$ 11,464
Less accumulated depreciation	<u>(11,406)</u>
	<u>\$ 58</u>

NOTE C – IN-KIND SERVICES

Maury County government provides in-kind rent to the Center for its office facility. Total in-kind rent in the current year amounted to \$3,000.

SUPPLEMENTARY INFORMATION

THE MEDIATION CENTER
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	<u>Program</u> <u>Services</u>	<u>Fundraising</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Salaries	\$ 5,335	\$ -	\$ -	\$ 5,335
Payroll taxes	3,581	-	-	3,581
Accounting	-	-	375	375
Bank charges	-	-	24	24
Contract services	4,800	-	150	4,950
Depreciation	-	-	390	390
Dues and fees	-	-	240	240
Equipment rental & maintenance	-	-	230	230
Fundraising - golf tournament	-	2,150	-	2,150
Insurance	-	-	375	375
Miscellaneous	-	-	368	368
Office	-	-	1,232	1,232
Professional fees	1,063	-	-	1,063
Rent	-	-	3,000	3,000
Telephone	1,527	-	-	1,527
	<u>\$ 16,306</u>	<u>\$ 2,150</u>	<u>\$ 6,384</u>	<u>\$ 24,840</u>

See independent accountant's review report.