

***COMMUNITY
RESOURCE CENTER***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022 and 2021

COMMUNITY RESOURCE CENTER

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Resource Center:

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and its support, revenues, and expenses for the years then ended, in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of Community Resource Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management 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; and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Resource Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Resource Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
October 28, 2022

COMMUNITY RESOURCE CENTER

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,012,876	\$ 1,135,132
Investments	278,263	-
Property and equipment, net	<u>428,132</u>	<u>366,999</u>
TOTAL ASSETS	<u>\$ 1,719,271</u>	<u>\$ 1,502,131</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Withheld payroll taxes and related items	\$ -	\$ 3,028
Total liabilities	<u>-</u>	<u>3,028</u>
NET ASSETS:		
Without donor restrictions	1,084,811	913,400
With donor restrictions	<u>634,460</u>	<u>585,703</u>
Total net assets	<u>1,719,271</u>	<u>1,499,103</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,719,271</u>	<u>\$ 1,502,131</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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 437,685	\$ 521,005	\$ 958,690
Interest income	4,116	-	4,116
Investment return, net	1,371	-	1,371
Total	<u>443,172</u>	<u>521,005</u>	<u>964,177</u>
Net assets released from restrictions	<u>472,248</u>	<u>(472,248)</u>	<u>-</u>
Total support and revenues	<u>915,420</u>	<u>48,757</u>	<u>964,177</u>
EXPENSES:			
Program services	612,897	-	612,897
Supporting services:			
Management and general	42,262	-	42,262
Fundraising	<u>88,850</u>	<u>-</u>	<u>88,850</u>
Total expenses	<u>744,009</u>	<u>-</u>	<u>744,009</u>
NET CHANGE IN NET ASSETS	171,411	48,757	220,168
NET ASSETS:			
Beginning of year	<u>913,400</u>	<u>585,703</u>	<u>1,499,103</u>
End of year	<u>\$ 1,084,811</u>	<u>\$ 634,460</u>	<u>\$ 1,719,271</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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Private contributions and grants	\$ 385,270	\$ 956,775	\$ 1,342,045
Paycheck Protection Program grant	24,750	-	24,750
Special events	2,500	-	2,500
Interest income	1,368	-	1,368
Total	413,888	956,775	1,370,663
Net assets released from restrictions	548,945	(548,945)	-
Total support and revenues	962,833	407,830	1,370,663
EXPENSES:			
Program services	651,878	-	651,878
Supporting services:			
Management and general	33,362	-	33,362
Fundraising	53,773	-	53,773
Total expenses	739,013	-	739,013
NET CHANGE IN NET ASSETS	223,820	407,830	631,650
NET ASSETS:			
Beginning of year	689,580	177,873	867,453
End of year	\$ 913,400	\$ 585,703	\$ 1,499,103

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, 2022**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 139,889	\$ 15,750	\$ 70,146	\$ 225,785
Payroll taxes	6,045	681	3,032	9,758
Employee benefits	7,327	291	1,297	8,915
Total personnel expenses	153,261	16,722	74,475	244,458
Outside services	26,291	13,965	-	40,256
Utilities	36,378	4,548	1,368	42,294
Insurance	11,537	1,410	1,649	14,596
Fundraising	-	-	10,706	10,706
Equipment repairs and maintenance	2,982	331	-	3,313
Telephone and internet	1,679	210	63	1,952
Program costs - other	58,800	-	-	58,800
Program costs - tornado	154,320	-	-	154,320
Program costs - floods	123,926	-	-	123,926
Supplies	3,554	395	-	3,949
Taxes and licenses	12	1	-	13
Travel	2,041	227	-	2,268
Advertising and public relations	11,604	1,289	-	12,893
Building repairs and maintenance	3,310	368	-	3,678
Miscellaneous	7,553	839	-	8,392
Total expenses before depreciation	597,248	40,305	88,261	725,814
Depreciation	15,649	1,957	589	18,195
Total expenses	<u>\$ 612,897</u>	<u>\$ 42,262</u>	<u>\$ 88,850</u>	<u>\$ 744,009</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, 2021**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 92,119	\$ 4,428	\$ 30,141	\$ 126,688
Payroll taxes	5,189	249	1,698	7,136
Employee benefits	5,252	33	227	5,512
Total personnel expenses	102,560	4,710	32,066	139,336
Outside services	17,644	16,060	-	33,704
Utilities	38,669	5,384	440	44,493
Insurance	8,788	916	314	10,018
Fundraising	-	-	20,953	20,953
Equipment repairs and maintenance	4,333	482	-	4,815
Telephone and internet	120	13	-	133
Program costs	45,071	-	-	45,071
Program costs - tornado	234,316	-	-	234,316
Program costs - COVID-19	148,211	-	-	148,211
Supplies	2,115	235	-	2,350
Taxes and licenses	324	36	-	360
Travel	546	61	-	607
Advertising and public relations	10,846	1,205	-	12,051
Building repairs and maintenance	3,110	346	-	3,456
Miscellaneous	7,374	819	-	8,193
Total expenses before depreciation	624,027	30,267	53,773	708,067
Depreciation	27,851	3,095	-	30,946
Total expenses	<u>\$ 651,878</u>	<u>\$ 33,362</u>	<u>\$ 53,773</u>	<u>\$ 739,013</u>

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

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS JUNE 30, 2022 AND 2021

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 2022 and 2021 in these financial statements refer to the years ended June 30, 2022 and 2021, 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 those 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, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services – The Center receives a significant amount of donated goods. The Center distributes these goods to other local non-profit organizations and individuals in need. Under the modified cash basis of accounting, the value of these donations and distributions are not recognized in the accompanying financial statements.

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.

Investments – Investments are recorded at cost. Realized gains and losses are included in the statement of support, revenues and expenses. The Center's investments are held and managed by various independent investment advisors who report regularly to the Center. See Note 4 for further details.

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 5 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, 2022, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years ended before June 30, 2019.

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 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 October 28, 2022.

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, 2022 AND 2021

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2022 and 2021, consist of cash, cash equivalents and investments totaling \$1,291,139 and \$1,135,132, respectively.

NOTE 4 – INVESTMENTS

Investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Corporate debt securities	\$ 179,437	\$ -
Mutual funds	2,264	-
Equity securities - common stocks	96,562	-
Total investments	<u>\$ 278,263</u>	<u>\$ -</u>

In accordance with modified cash basis of accounting, investments are recorded at cost. At June 30, 2022, the cumulative unrealized depreciation of investments is \$25,985.

Following are the details of the net investment return for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 4,027	\$ -
Net realized gains	117	-
Investment fees	(2,773)	-
Total investment return	<u>\$ 1,371</u>	<u>\$ -</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 78,600	\$ 78,600
Building and improvements	742,661	742,661
Vehicles	52,541	-
Furnishings, fixtures and equipment	77,079	50,293
Total cost	<u>950,881</u>	<u>871,554</u>
Less accumulated depreciation	<u>(522,749)</u>	<u>(504,555)</u>
Property and equipment, net	<u>\$ 428,132</u>	<u>\$ 366,999</u>

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 6 – 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 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. No contributions have been made for 2022 or 2021.

NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
For specific purposes:		
Tornado relief	\$ 171,921	\$ 374,005
Flood relief	374,112	162,864
Senior Neighbors and Covid kits	36,284	31,231
Cold weather relief and other	19,960	16,353
School pantry	24,904	-
General disaster and other	7,279	1,250
Total donor restricted net assets	<u>\$ 634,460</u>	<u>\$ 585,703</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions during 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of specific purposes:		
Tornado relief	\$ 230,624	\$ 326,034
Senior Neighbors and Covid kits	24,947	210,871
Flood relief	208,454	12,040
School pantry	96	-
General disaster and other	8,127	-
Total net assets released from restrictions	<u>\$ 472,248</u>	<u>\$ 548,945</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 based on estimates of time and effort, as well as utilities which are allocated on a square footage basis.

COMMUNITY RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (CONTINUED) JUNE 30, 2022 AND 2021

NOTE 10– CONCENTRATIONS

The Center received significant donations from one entity in 2021, amounting to 51% of total donations. No such concentrations existed in 2022.

NOTE 11 – PAYCHECK PROTECTION PROGRAM

On March 29, 2021, the Center received loan proceeds in the amount of \$24,750 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Center used the proceeds for purposes consistent with the PPP and the proceeds were forgiven in 2022.

The Center recorded these funds as a conditional contribution upon receipt in 2021. In accordance with ASC 958-605, conditional contributions are recognized as the conditions are met. Accordingly, the Center recognized the entire amount in 2021.