

NASHVILLE CONFLICT RESOLUTION CENTER

**INDEPENDENT AUDITORS' REPORT and
FINANCIAL STATEMENTS**

JUNE 30, 2007 and 2006

NASHVILLE CONFLICT RESOLUTION CENTER

Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF ACTIVITIES.....	3
STATEMENT OF CASH FLOWS.....	4
STATEMENT OF FUNCTIONAL EXPENSES.....	5-6
NOTES TO FINANCIAL STATEMENTS.....	7-8

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INDEPENDENT AUDITORS' REPORT

To Board of Directors
Nashville Conflict Resolution Center
315 Union Street, Suite 800
Nashville, TN 37201-1401

We have audited the accompanying statement of financial position of *Nashville Conflict Resolution Center* (a not-for-profit organization) as of June 30, 2007 and 2006 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of *Nashville Conflict Resolution Center's* management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audit provides 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 *Nashville Conflict Resolution Center* as of June 30, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Hoskins & Company, P.C.

Hoskins & Company, P. C.
January 23, 2008

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS		
	2007	2006
Current Assets		
Cash and Cash Equivalents	\$ 10,894	\$ 9,187
Prepaid Expenses	1,147	750
Accounts Receivable	-	572
Total Current Assets	12,041	10,509
Property and Equipment		
Property & Equipment (Net of Accumulated Depreciation)	1,532	2,940
Total Property and Equipment	1,532	2,940
Total Assets	\$ 13,573	\$ 13,449
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,002	\$ 2,444
Total Current Liabilities	2,002	2,444
NET ASSETS		
Net Assets - Unrestricted	9,960	8,380
Net Assets - Temporarily Restricted	1,611	2,625
Total Liabilities and Net Assets	\$ 13,573	\$ 13,449

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007 AND 2006**

	2007	2006
SUPPORT AND REVENUES		
Unrestricted Net Assets		
Public Support and Revenue		
Unrestricted Contributions	\$ 11,598	\$ 8,156
Program Service Revenue	383	1,256
Total Public Support and Revenues	\$ 11,981	\$ 9,412
Net Asset Released From Restriction	1,014	-
Total Support and Revenues	12,995	9,412
EXPENSES		
Operating Expenses		
General & Administrative	\$ 1,228	\$ 3,112
Program	9,957	7,905
Fundraising	230	12,099
Total Operating Expenses	11,415	23,116
Temporarily Restricted Contributions	-	2,625
Net Asset Released From Restriction	(1,014)	-
Changes in Temporarily Restricted Net Assets	(1,014)	2,625
		-
Increase (Decrease) in Net Assets	566	(11,079)
Net Assets, Beginning of Year	11,005	22,084
Net Assets, End of Year	\$ 11,571	\$ 11,005

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007 AND 2006**

	2007	2006
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 566	\$ (11,079)
Adjustments to reconcile change in Net Assets to net cash provided by operating activities:		
Depreciation	1,408	1,630
Decrease in Accounts receivable	572	(572)
Increase in Prepaid expenses	(397)	386
Decrease in accounts payable	(442)	118
Net Cash Provided by Operating Activities	\$ 1,707	\$ (9,517)
 Cash Flows From Investing Activities	-	-
 Cash Flows From Financing Activities	-	-
Net Increase in cash and cash equivalents	1,707	(9,517)
Cash and cash equivalents, beginning of year	9,187	18,704
Cash and cash equivalents, end of year	\$ 10,894	\$ 9,187

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007

	<u>General & Administrative</u>	<u>Program Expense</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Depreciation	\$ 211	\$ 1,197	\$ -	\$ 1,408
License & Fees	14	126	-	140
Parking	6	54	3	63
Membership and Subscriptions	19	100	6	125
Office Supplies	28	109	7	144
Postage	6	28	1	35
Printing and Reproduction	4	33	2	39
Insurance	113	1,019	-	1,132
Telephone Service	6	111	6	123
Professional Fees - Training	-	3,514	-	3,514
Professional Fees - Accounting	149	557	37	743
Professional Fees - Audit Services	672	2,520	168	3,360
Volunteer Mediation Training	-	589	-	589
Total Expenses	<u>\$ 1,228</u>	<u>\$ 9,957</u>	<u>\$ 230</u>	<u>\$ 11,415</u>

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2006

	General & Administrative	Program Expense	Fundraising	Total Expenses
Payroll Administration	\$ 215	\$ -	\$ -	\$ 215
Employee Benefits	2,101	-	-	2,101
Depreciation	244	1,386	-	1,630
License & Fees	70	625	-	695
Parking	5	43	2	50
Office Supplies	56	209	13	278
Postage	8	35	-	43
Printing and Reproduction	35	298	17	350
Insurance	147	1,325	-	1,472
Miscellaneous	31	117	11	159
Telephone Service	12	223	12	247
Travel	35	60	5	100
Professional Fees - Training	7	2,439	-	2,446
Professional Fees - Accounting	157	589	39	785
Professional Fees - Consulting	-	-	12,000	12,000
Volunteer Mediation Training	-	556	-	556
Total Expenses	<u>\$ 3,123</u>	<u>\$ 7,905</u>	<u>\$ 12,099</u>	<u>\$ 23,127</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007 AND 2006**

1. Summary of Significant Accounting Policies

General: Nashville Conflict Resolution Center (The Organization) is a not-for-profit organization chartered under the laws of the State of Tennessee on August 14, 2000. The Organization operates as a philanthropic entity seeking to improve the lives of Nashville residents, particularly those in underserved communities or otherwise disadvantaged in the judicial system, by providing pro bono or low cost mediation services by teaching effective, nonviolent conflict resolution skills.

Basis of Accounting: The financial statements for The Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

Donated Services: Several individuals have contributed significant amount of time to the Organization without compensation. The financial statements do not reflect the value of those contributed services because no reliable basis exists for determining an appropriate amount.

Revenue, Support, and Expenses: The Organization receives its contributions from foundations, its members, and other individuals, and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes: The Organization is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Fixed Assets: Disbursements for property and equipment, consisting of office equipment and furniture, are reflected in the statement of financial position at cost. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contribution until it is placed in the service for which it is restricted. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the useful life of the asset.

Functional Expenses: Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

2. Property and Equipment

Property and equipment are summarized below:

	<u>2007</u>	<u>2006</u>
Office equipment	\$ 4,681	\$ 4,681
Library – training materials	3,110	3,110
Furniture	<u>3,079</u>	<u>3,079</u>
	10,870	10,870
Less: accumulated depreciation	<u>(9,338)</u>	<u>(7,930)</u>
Property and equipment, net	<u>\$ 1,532</u>	<u>\$ 2,940</u>

4. Going concern

The Organization's mediation services contract with Metro Government of Nashville and Davidson County, TN (Metro Nashville) was terminated in September 2004 due to funding constraints. In the past, revenue from Metro Nashville approximated 80% of the Organization's revenue and support. The termination of this contract forced the Organization to look for other sources of

revenue and support. The Organization has been able to maintain business in a limited capacity by raising money from few grants.

The Organization's ability to continue as going concern is still in doubt since the contract is not yet entered with Metro Nashville as of the current audit period; however, the Organization is pursuing its effort to raise as much funds as it can from other sources.