

NASHVILLE CONFLICT RESOLUTION CENTER

**INDEPENDENT AUDITORS' REPORT and
FINANCIAL STATEMENTS**

JUNE 30, 2008 and 2007

NASHVILLE CONFLICT RESOLUTION CENTER

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashville Conflict Resolution Center
4732 W. Longdale Drive
Nashville, TN 37211

We have audited the accompanying statement of financial position of *Nashville Conflict Resolution Center* (a not-for-profit organization) as of June 30, 2008 and June 30, 2007 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, 2008 and June 30, 2007 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.

April 15, 2009

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS		
	2008	2007
Current Assets		
Cash and Cash Equivalents	\$ 5,400	\$ 10,894
Prepaid Expenses	2,323	1,147
Accounts Receivable	7,815	-
Total Current Assets	15,538	12,041
Property and Equipment		
Property & Equipment (Net of Accumulated Depreciation)	1,473	1,532
Total Property and Equipment	1,473	1,532
Total Assets	\$ 17,011	\$ 13,573

LIABILITIES AND NET ASSETS

LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,300	\$ 2,002
Accrued Vacation Payables	1,280	-
Total Current Liabilities	2,580	2,002
NET ASSETS		
Net Assets - Unrestricted	13,320	9,960
Net Assets - Temporarily Restricted	1,111	1,611
Total Liabilities and Net Assets	\$ 17,011	\$ 13,573

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008 AND 2007

	2008	2007
SUPPORT AND REVENUES		
Unrestricted Net Assets		
Public Support and Revenue		
Unrestricted Contributions	\$ 394	\$ 11,598
Program Service Revenue	30,540	383
Total Public Support and Revenues	30,934	11,981
Net Asset Released From Restriction	500	1,014
Total Support and Revenues	31,434	12,995
EXPENSES		
Operating Expenses		
General & Administrative	\$ 3,391	\$ 1,228
Program	23,554	9,957
Fundraising	1,129	230
Total Operating Expenses	28,074	11,415
Temporarily Restricted Contributions		
Net Asset Released From Restriction	(500)	(1,014)
Changes in Temporarily Restricted Net Assets	(500)	(1,014)
Increase in Net Assets	2,860	566
Net Assets, Beginning of Year	11,571	11,005
Net Assets, End of Year	\$ 14,431	\$ 11,571

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 2,860	\$ 566
Adjustments to reconcile change in Net Assets to net cash(used) provided by operating activities:		
Depreciation	1,127	1,408
(Increase)Decrease in Accounts receivable	(7,815)	572
Increase in Prepaid expenses	(1,176)	(397)
Decrease in accounts payable	(702)	(442)
Increase in Accrued vacation payables	1,280	-
Net Cash (Used)Provided by Operating Activities	(4,426)	1,707
 Cash Flows From Investing Activities		
Payments for purchase of computer	(1,068)	-
Net Cash Used by Investing Activities	(1,068)	-
 Cash Flows From Financing Activities	-	-
 Net Increase in cash and cash equivalents	(5,494)	1,707
Cash and cash equivalents, beginning of year	10,894	9,187
Cash and cash equivalents, end of year	\$ 5,400	\$ 10,894

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

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008

	<u>General & Administrative</u>	<u>Program Expense</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salary Expenses	\$ 1,393	\$ 11,837	\$ 696	\$ 13,926
Payroll Taxes	182	1,548	91	1,821
Employee Benefits	128	1,088	64	1,280
Depreciation	169	958	-	1,127
License & Fees	10	90	-	100
Office Equipment	75	281	19	375
Membership and Subscriptions	34	180	11	225
Office Supplies	85	319	21	425
Moving Expense	41	232	-	273
Storage Space Rental	45	255	-	300
Payroll Processing fee	26	218	13	257
Miscellaneous	6	101	5	112
Postage	15	78	5	98
Printing and Reproduction	2	14	-	16
Insurance	211	1,896	-	2,107
Telephone Service	49	884	50	983
Professional Fees - Training	300	598	-	898
Professional Fees - Accounting	60	224	14	298
Professional Fees - Audit Services	560	2,100	140	2,800
Volunteer Mediation Training	-	653	-	653
Total Expenses	<u>\$ 3,391</u>	<u>\$ 23,554</u>	<u>\$ 1,129</u>	<u>\$ 28,074</u>

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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007**

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 is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code. 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.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007**

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

Depreciation expense as of June 30, 2008 was \$1,127. A summary of Property and equipment as of June 30, 2008 and 2007 were as follows.

	<u>2008</u>	<u>2007</u>
Office equipment	\$ 5,749	\$ 4,681
Library – training materials	3,110	3,110
Furniture	<u>3,079</u>	<u>3,079</u>
	11,938	10,870
Less: accumulated depreciation	<u>(10,465)</u>	<u>(9,338)</u>
Property and equipment, net	<u>\$ 1,473</u>	<u>\$ 1,532</u>