

**NASHVILLE CONFLICT RESOLUTION CENTER
INDEPENDENT AUDITORS' REPORT and
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2011

**NASHVILLE CONFLICT RESOLUTION CENTER
INDEPENDENT AUDITORS' REPORT and
FINANCIAL STATEMENTS**

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HOSKINS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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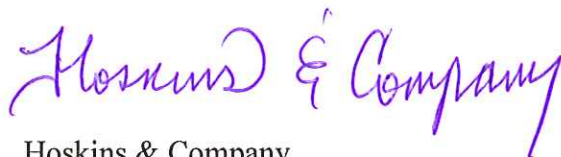
INDEPENDENT AUDITORS' REPORT

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, 2011, and the related statements of activities, cash flows, and functional expenses for the year 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 provide 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.



Hoskins & Company
December 1, 2011

NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

Assets

Current assets

Cash and cash equivalents	\$ 119,936
Prepaid expenses	1,981
Accounts receivable	8,416
Total current assets	<u>130,333</u>

Noncurrent Assets

Property and equipment (net of accumulated depreciation)	<u>1,726</u>
Total noncurrent assets	1,726

Total assets \$ 132,059

Liabilities and net assets

Current liabilities

Payroll liabilities	<u>\$ 3,734</u>
Total current liabilities	3,734

Net assets

Unrestricted	<u>128,325</u>
Total net assets	<u>128,325</u>

Total liabilities and net assets \$ 132,059

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Revenue and support

Unrestricted contributions	\$ 29,612
Program service revenue	238,187
Total support and revenues	<u>267,799</u>

Expenses

General & administrative	21,777
Program	170,197
Fundraising	8,343
Total expenses	<u>200,317</u>

Increase in net assets	67,482
Net assets, beginning of year	60,843
Net assets, end of year	<u>\$ 128,325</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

Cash flows from operating activities	
Increase in net assets	\$ 67,482
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	314
Increase in accounts receivable	(2,698)
Decrease in prepaid expenses	249
Decrease in accounts payable	(73)
Decrease in accrued vacation payables	(3,200)
Increase payroll liabilities	3,734
Net cash provided by operating activities	<u>65,808</u>
 Cash flows from investing activities	
Purchase of fixed assets	<u>(1,742)</u>
Net cash (used) by investing activities	(1,742)
 Cash flows from financing activities	
	-
Net increase in cash and cash equivalents	<u>64,066</u>
Cash and cash equivalents, beginning of year	<u>55,870</u>
Cash and cash equivalents, end of year	<u><u>\$ 119,936</u></u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	General & Administrative	Program Expense	Fundraising	Total Expenses
Salary expenses	\$ 12,747	\$ 108,317	\$ 6,369	\$ 127,433
Payroll taxes	831	7,070	416	8,317
Employee benefits	654	5,562	328	6,544
License & fees	33	299	-	332
Office equipment	200	749	51	1,000
Membership and subscriptions	83	440	27	550
Office supplies	573	2,151	151	2,875
Meal expenses	550	3,114	-	3,664
Meeting expenses	163	324	-	487
Storage space rental	1,500	8,500	-	10,000
Marketing	103	1,738	86	1,927
Payroll processing fee	143	1,201	72	1,416
Postage	90	469	30	589
Printing and reproduction	223	1,558	-	1,781
Insurance	352	3,166	-	3,518
Telephone service	175	3,162	179	3,516
Professional development	184	366	-	550
Professional fees - accounting	757	2,826	167	3,750
Professional fees - audit services	790	2,963	198	3,951
Professional fees - trainer	890	3,338	223	4,451
Utilities	505	3,542	-	4,047
Travel	184	690	46	920
In-kind	-	1,163	-	1,163
Volunteer mediation training	-	7,222	-	7,222
Depreciation	47	267	-	314
Total expenses	<u>\$ 21,777</u>	<u>\$ 170,197</u>	<u>\$ 8,343</u>	<u>\$ 200,317</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, 2011**

NOTE 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 Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958). Under FASB ASC 958, 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.

Donated Services

Several individuals have contributed significant amounts 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.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 following estimated useful lives:

	<u>Years</u>
Machinery and equipment	3—10
Furniture and fixtures	3—10

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.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2---PROPERTY AND EQUIPMENT

A summary of Property and equipment as of June 30, 2011 was as follows:

Office equipment	\$ 7,491
Library – training materials	3,110
Furniture	3,079
Less: accumulated depreciation	<u>(11,954)</u>
Property and equipment, net	<u>\$ 1,726</u>

Depreciation expense as of June 30, 2011 was 314.

NOTE 3---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosures as of December 1, 2011, the date management evaluated such events. December 1, 2011, was also the date the financial statements were available to be issued.

HOSKINS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Invoice

DATE	INVOICE #
12/16/2011	2011-644

BILL TO
NASHVILLE CONFLICT RESOLUTION CENTER 315 Union Street Suite 800 Nashville, TN 37201

TERMS
Due on receipt

DESCRIPTION	HOURS	RATE	AMOUNT
AUDIT SERVICES: FY 2011 AUDIT FINAL BILL PER ENGAGEMENT LETTER		2,000.00	2,000.00
PREPARATION OF FORM 990 RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX		750.00	750.00
Credit Card No.	VISA/ MC (circle one)	Total	\$2,750.00
Expiration Date	Signature	Payments/Credits	\$0.00
		Balance Due	\$2,750.00