

**NASHVILLE CONFLICT RESOLUTION CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nashville Conflict Resolution Center

We have audited the accompanying financial statements of Nashville Conflict Resolution Center (a Tennessee not-for-profit corporation, the "Center"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements 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 the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Nashville Conflict Resolution Center as of June 30, 2013, were audited by other auditors whose report dated January 14, 2014, expressed an unmodified opinion on these statements.



November 8, 2014

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	2014	2013
ASSETS		
Cash	\$ 140,747	\$ 135,940
Accounts receivable	17,389	19,242
Prepaid expenses	-	1,335
Property and equipment, net	<u>1,377</u>	<u>711</u>
TOTAL ASSETS	<u>\$ 159,513</u>	<u>\$ 157,228</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,508	\$ 2,793
Accrued expenses	<u>4,326</u>	<u>-</u>
Total Liabilities	<u>5,834</u>	<u>2,793</u>
NET ASSETS		
Unrestricted	113,679	129,435
Temporarily restricted	<u>40,000</u>	<u>25,000</u>
Total Net Assets	<u>153,679</u>	<u>154,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 159,513</u>	<u>\$ 157,228</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Changes in Unrestricted Net Assets		
Revenues		
Government grants	\$ 178,858	\$ 183,677
In-kind contributions	54,406	-
Public support	30,705	8,401
Fee and rental income	26,337	21,512
Foundation grants	17,500	26,995
Special event	-	24,295
	<u>307,806</u>	<u>264,880</u>
Total Unrestricted Revenues		
	<u>25,000</u>	<u>12,500</u>
Net assets released from restrictions		
	<u>332,806</u>	<u>277,380</u>
Total Unrestricted Revenues and Reclassifications		
Functional Expenses		
Program services	267,785	228,254
Supporting services:		
Management and general	57,514	55,058
Fundraising	23,263	-
	<u>348,562</u>	<u>283,312</u>
Total Unrestricted Functional Expenses		
	<u>(15,756)</u>	<u>(5,932)</u>
Decrease in unrestricted net assets		
Changes in Temporarily Restricted Net Assets		
Restricted grants	40,000	25,000
Net assets released from restrictions	(25,000)	(12,500)
	<u>15,000</u>	<u>12,500</u>
Increase in temporarily restricted net assets		
(DECREASE) INCREASE IN NET ASSETS	(756)	6,568
NET ASSETS, BEGINNING OF THE YEAR	<u>154,435</u>	<u>147,867</u>
NET ASSETS, END OF THE YEAR	<u>\$ 153,679</u>	<u>\$ 154,435</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	Program Services	Supporting Services		Total
		Management and General	Fund- raising	
Compensation, benefits and taxes	\$ 234,156	\$ 32,008	\$ 18,470	\$ 284,634
Rent, utilities and cleaning	11,385	3,026	1,627	16,038
Professional fees	-	8,710	-	8,710
Mediation training	7,390	-	-	7,390
Insurance	1,050	4,428	-	5,478
Marketing and website	449	1,203	2,395	4,047
Telephone	2,843	761	401	4,005
Office supplies	2,229	1,506	-	3,735
Administrative	1,137	2,042	25	3,204
Office equipment	2,416	324	-	2,740
Payroll processing fee	-	2,081	-	2,081
Facility maintenance	1,356	286	-	1,642
Printing	685	479	114	1,278
Mediation fee reimbursement	1,062	-	-	1,062
Computer repair	593	358	-	951
Postage	536	168	161	865
Depreciation	498	134	70	702
Fundraising event	-	-	-	-
	<u>\$ 267,785</u>	<u>\$ 57,514</u>	<u>\$ 23,263</u>	<u>\$ 348,562</u>
Total functional expenses	<u>\$ 267,785</u>	<u>\$ 57,514</u>	<u>\$ 23,263</u>	<u>\$ 348,562</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
Compensation, benefits and taxes	\$ 177,742	\$ 32,649	\$ -	\$ 210,391
Rent, utilities and cleaning	6,567	9,997	-	16,564
Professional fees	20,256	1,850	-	22,106
Mediation training	1,040	-	-	1,040
Insurance	3,913	1,962	-	5,875
Marketing and website	2,262	887	-	3,149
Telephone	1,779	2,431	-	4,210
Office supplies	1,735	182	-	1,917
Administrative	4,691	663	-	5,354
Office equipment	2,880	-	-	2,880
Payroll processing fee	1,463	366	-	1,829
Facility maintenance	-	-	-	-
Printing	674	134	-	808
Mediation fee reimbursement	2,249	-	-	2,249
Computer repair	256	219	-	475
Postage	747	302	-	1,049
Depreciation	-	508	-	508
Fundraising event	-	2,908	-	2,908
	<u>\$ 228,254</u>	<u>\$ 55,058</u>	<u>\$ -</u>	<u>\$ 283,312</u>
Total functional expenses	<u>\$ 228,254</u>	<u>\$ 55,058</u>	<u>\$ -</u>	<u>\$ 283,312</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (756)	\$ 6,568
Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities		
Depreciation	702	508
(Increase) decrease in operating assets		
Accounts receivable	1,853	(15,354)
Prepaid expenses	1,335	1,361
Increase (decrease) in operating liabilities		
Accounts payable	(1,285)	932
Accrued expenses	<u>4,326</u>	<u>(5,121)</u>
Net Cash Provided (Used) by Operating Activities	<u>6,175</u>	<u>(11,106)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	<u>(1,368)</u>	<u>-</u>
Net Cash (Used In) Provided By Investing Activities	<u>(1,368)</u>	<u>-</u>
Net Increase (Decrease) in Cash	4,807	(11,106)
CASH, BEGINNING OF THE YEAR	<u>135,940</u>	<u>147,046</u>
CASH, END OF THE YEAR	<u><u>\$ 140,747</u></u>	<u><u>\$ 135,940</u></u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Nashville Conflict Resolution Center (the "Center") is a Tennessee not-for-profit corporation that seeks 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 and by teaching effective, nonviolent conflict resolution skills. The Center's support consists primarily of funds received from government grants and foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the disclosures of commitments and contingencies. 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) and the tax laws of the state of Tennessee. Accounting principles generally accepted in the United States of America require the Center to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The management has analyzed the tax positions taken by the Center and has concluded that as of June 30, 2014, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

Cash consists of checking deposits in financial institutions.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Center. The Center uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Property and Equipment and Depreciation

The Center follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. Donations of furniture and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and changes in net assets for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of three to ten years and is computed on the straight-line method.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable are considered current since they are expected to be collected within one year. No allowance for uncollectible receivables was deemed necessary as of June 30, 2014 and 2013.

Accounts receivable consist of the following at of June 30:

	2014	2013
Metro Dollar Bill grant	\$ 11,198	\$ 11,210
State of Tennessee	<u>6,191</u>	<u>8,032</u>
	<u>\$ 17,389</u>	<u>\$ 19,242</u>

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2014	2013
Furniture	\$ 3,079	\$ 3,079
Equipment	2,811	7,490
Leasehold improvements	1,370	-
Professional library	<u>-</u>	<u>3,110</u>
	7,260	13,679
 Accumulated depreciation	 <u>(5,883)</u>	 <u>(12,968)</u>
	 <u>\$ 1,377</u>	 <u>\$ 711</u>

Depreciation expense was \$702 and \$508 for the years ended June 30, 2014 and 2013, respectively.

NOTE 5 - RESTRICTED NET ASSETS

The temporary restrictions on net assets at June 30, 2014 and 2013 are attributable to grants for the 2014/2015 fiscal year programming.

There were no permanently restricted net assets as of June 30, 2014 and 2013.

NOTE 6 - LEASING ARRANGEMENTS

The Center had entered into a lease with Southminster Presbyterian for the main floor of a house that the Center uses for administrative offices and mediation meeting space. The lease expired on August 31, 2011 and is now operating on a month-to-month basis with continued rent payments of \$900 per month. The Center has occasionally subleased a portion of this space to other tenants on a month-to-month basis.

The Center has an operating lease for an office copier. The lease requires monthly payments of \$126 and expires in December 2014.

Rent expense for office equipment and facility space was \$12,446 for the years ended June 30, 2014 and 2013. Rental income received under sublease agreements was \$3,040 and \$8,984 for the years ended June 30, 2014 and 2013, respectively.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 7 - DONATED GOODS AND SERVICES

Much of the Center's mediation services and education is provided by volunteers that have undergone extensive mediation training that meets or exceed the training standards set by Tennessee Supreme Court's Rule 31. During 2014, the Center began reflecting these services on the statement of activities and changes in net assets since these volunteers provide specialized, professional services.

The following in-kind contributions of goods and services have been included in unrestricted revenues and expenses in the financial statements for the year ended June 30, 2014.

Mediation services	\$ 53,556
Office supplies/equipment	<u>850</u>
	<u>\$ 54,406</u>

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through November 8, 2014 which is the date the financial statements were available to be issued.