

**NASHVILLE CONFLICT RESOLUTION CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2015 AND 2014**

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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 statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

September 23, 2015

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	2015	2014
ASSETS		
Cash	\$ 154,846	\$ 140,747
Accounts receivable	26,304	17,389
Property and equipment, net	<u>993</u>	<u>1,377</u>
TOTAL ASSETS	<u>\$ 182,143</u>	<u>\$ 159,513</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,127	\$ 1,508
Accrued expenses	<u>2,564</u>	<u>4,326</u>
Total Liabilities	<u>3,691</u>	<u>5,834</u>
NET ASSETS		
Unrestricted	163,452	113,679
Temporarily restricted	<u>15,000</u>	<u>40,000</u>
Total Net Assets	<u>178,452</u>	<u>153,679</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 182,143</u>	<u>\$ 159,513</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, 2015 AND 2014**

	2015	2014
Changes in Unrestricted Net Assets		
Revenues		
Government grants	\$ 184,202	\$ 178,858
In-kind contributions	57,675	54,406
Public support	19,079	30,705
Fee and rental income	8,658	26,337
Foundation grants	20,800	17,500
Fundraising	<u>28,005</u>	<u>-</u>
Total Unrestricted Revenues	318,419	307,806
Net assets released from restrictions	<u>45,000</u>	<u>25,000</u>
Total Unrestricted Revenues and Reclassifications	<u>363,419</u>	<u>332,806</u>
Functional Expenses		
Program services	243,479	267,785
Supporting services:		
Management and general	40,305	57,514
Fundraising	<u>29,862</u>	<u>23,263</u>
Total Unrestricted Functional Expenses	<u>313,646</u>	<u>348,562</u>
Increase (decrease) in unrestricted net assets	<u>49,773</u>	<u>(15,756)</u>
Changes in Temporarily Restricted Net Assets		
Restricted grants	20,000	40,000
Net assets released from restrictions	<u>(45,000)</u>	<u>(25,000)</u>
(Decrease) increase in temporarily restricted net assets	<u>(25,000)</u>	<u>15,000</u>
INCREASE (DECREASE) IN NET ASSETS	24,773	(756)
NET ASSETS, BEGINNING OF THE YEAR	<u>153,679</u>	<u>154,435</u>
NET ASSETS, END OF THE YEAR	<u>\$ 178,452</u>	<u>\$ 153,679</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015**

	Program Services	Supporting Services		Total
		Management and General	Fund- raising	
Compensation, benefits and taxes	\$ 217,781	\$ 16,136	\$ 24,557	\$ 258,474
Rent, utilities and cleaning	9,940	2,888	1,420	14,248
Professional fees	-	9,350	-	9,350
Office equipment	4,269	598	-	4,867
Insurance	956	3,091	-	4,047
Administrative	2,116	1,834	64	4,014
Telephone	1,158	2,151	-	3,309
Mediation training	2,961	-	-	2,961
Fundraising event	-	-	2,426	2,426
Payroll processing fee	-	2,094	-	2,094
Facility maintenance	1,420	356	-	1,776
Marketing and website	-	440	1,079	1,519
Office supplies	987	364	-	1,351
Mediation fee reimbursement	1,180	-	-	1,180
Computer repair	661	165	-	826
Postage	-	207	316	523
Depreciation	-	383	-	383
Printing	50	248	-	298
Total functional expenses	\$ 243,479	\$ 40,305	\$ 29,862	\$ 313,646

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
Office equipment	2,416	324	-	2,740
Insurance	1,050	4,428	-	5,478
Administrative	1,137	2,042	25	3,204
Telephone	2,843	761	401	4,005
Mediation training	7,390	-	-	7,390
Fundraising event	-	-	-	-
Payroll processing fee	-	2,081	-	2,081
Facility maintenance	1,356	286	-	1,642
Marketing and website	449	1,203	2,395	4,047
Office supplies	2,229	1,506	-	3,735
Mediation fee reimbursement	1,062	-	-	1,062
Computer repair	593	358	-	951
Postage	536	168	161	865
Depreciation	498	134	70	702
Printing	685	479	114	1,278
Total functional expenses	\$ 267,785	\$ 57,514	\$ 23,263	\$ 348,562

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

**NASHVILLE CONFLICT RESOLUTION CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 24,773	\$ (756)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	383	702
(Increase) decrease in operating assets		
Accounts receivable	(8,914)	1,854
Prepaid expenses	-	1,336
Increase (decrease) in operating liabilities		
Accounts payable	(381)	(1,285)
Accrued expenses	(1,762)	4,326
	<u>14,099</u>	<u>6,177</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	<u>-</u>	<u>(1,370)</u>
Net Cash Used In Investing Activities	<u>-</u>	<u>(1,370)</u>
Increase in Cash	14,099	4,807
CASH, BEGINNING OF THE YEAR	<u>140,747</u>	<u>135,940</u>
CASH, END OF THE YEAR	<u>\$ 154,846</u>	<u>\$ 140,747</u>

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

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015, 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 2011.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015 and 2014.

Accounts receivable consist of the following as of June 30:

	2015	2014
Baptist Healing Trust	\$ 10,000	\$ -
Metro Dollar Bill grant	9,304	11,198
State of Tennessee	<u>7,000</u>	<u>6,191</u>
	<u>\$ 26,304</u>	<u>\$ 17,389</u>

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2015	2014
Furniture	\$ 3,079	\$ 3,079
Equipment	1,611	2,811
Leasehold improvements	<u>1,370</u>	<u>1,370</u>
	6,060	7,260
 Accumulated depreciation	 <u>(5,067)</u>	 <u>(5,883)</u>
	 <u>\$ 993</u>	 <u>\$ 1,377</u>

Depreciation expense was \$383 and \$702 for the years ended June 30, 2015 and 2014, respectively.

NOTE 5 - RESTRICTED NET ASSETS

The temporary restrictions on net assets at June 30, 2015 and 2014 are attributable to grants for the following fiscal year's programing.

There were no permanently restricted net assets as of June 30, 2015 and 2014.

NOTE 6 - LEASING ARRANGEMENTS

The Center had entered into a lease with Southminister 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.

Rent expense for office equipment and facility space was \$13,287 and \$12,446 for the years ended June 30, 2015 and 2014. Rental income received under sublease agreements was \$240 and \$3,040 for the years ended June 30, 2015 and June 30, 2014, respectively.

**NASHVILLE CONFLICT RESOLUTION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014**

. 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. The Center reflects these services on the statements 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:

	2015	2014
Mediation services	\$ 57,675	\$ 53,556
Office supplies/equipment	<u>-</u>	<u>850</u>
	<u>\$ 57,675</u>	<u>\$ 54,406</u>

NOTE 8 - CONCENTRATIONS

Of the Center’s total revenues and support for 2015, approximately 44% (45% for 2014) represents funds received from two government contracts. No other revenue and support source represents 10% or more of total revenues and support.

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through September 23, 2015 which is the date the financial statements were available to be issued.