

**AUDITED FINANCIAL STATEMENTS**

**OF**

**NEIGHBORHOOD RESOURCE CENTER**

**DECEMBER 31, 2016 AND 2015**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Neighborhood Resource Center

We have audited the accompanying financial statements of the Neighborhood Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and December 31, 2015 and the related statements of activities, 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.

### **Auditor's 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 from 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 auditor's 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 organization'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 organization'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 the Neighborhood Resource Center as of December 31, 2016 and December 31,

2015, 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.

Roseline Tax Advisors, PLLC  
Certified Public Accountants

Richmond, VA  
February 21, 2018

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF FINANCIAL POSITION  
December 31, 2016**

<b>ASSETS</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>CURRENT ASSETS</b>		
Cash	\$ 305,456	\$ 145,852
Grants Receivable	45,000	34,102
Prepaid Expenses	137	137
Total Current Assets	<u>350,593</u>	<u>180,091</u>
<b>PROPERTY AND EQUIPMENT</b>		
Building and Improvements	197,150	197,150
Equipment	45,418	45,418
Furniture and Fixtures	9,921	9,921
Vehicles	35,250	48,850
Land	35,600	35,600
	<u>323,339</u>	<u>336,939</u>
Less: Accumulated Depreciation	<u>(102,068)</u>	<u>(90,811)</u>
Total Property and Equipment	<u>221,271</u>	<u>246,128</u>
<b>OTHER ASSETS</b>		
Construction In Progress	35,171	-
Total Other Assets	<u>35,171</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u><b>\$ 607,035</b></u></u>	<u><u><b>\$ 426,219</b></u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,216	\$ 9,457
Accrued Expenses	6,635	6,529
Total Current Liabilities	<u>9,851</u>	<u>15,986</u>
<b>NET ASSETS</b>		
Unrestricted	307,304	214,671
Temporarily Restricted	289,880	195,562
	<u>597,184</u>	<u>410,233</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u><b>\$ 607,035</b></u></u>	<u><u><b>\$ 426,219</b></u></u>

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	123,156	543,030	666,186
Program Income	50,145	-	50,145
Insurance Proceeds	50,511		50,511
	<u>223,812</u>	<u>543,030</u>	<u>766,842</u>
Net Assets Released from Restriction	448,712	(448,712)	-
	<u>672,524</u>	<u>94,318</u>	<u>766,842</u>
<b>EXPENSES</b>			
Program Services	<u>480,076</u>	-	<u>480,076</u>
Supporting Services			
Management and General	50,831	-	50,831
Fund-Raising	33,888	-	33,888
Total Supporting Services	<u>84,719</u>	-	<u>84,719</u>
Total Functional Expenses	<u>564,795</u>	-	<u>564,795</u>
Additional Expenses			
Return of Funds to Wayside	6,247		6,247
Loss on Disposition of Vehicles	8,849		8,849
Total Expenses	<u>579,891</u>	-	<u>579,891</u>
Change in Net Assets	92,633	94,318	186,951
<b>NET ASSETS</b>			
Beginning of Year	214,671	195,562	410,233
End of Year	<u>\$ 307,304</u>	<u>\$ 289,880</u>	<u>\$ 597,184</u>

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	99,340	421,021	520,361
Program Income	45,582	-	45,582
	<u>144,922</u>	<u>421,021</u>	<u>565,943</u>
Net Assets Released from Restriction	559,720	(559,720)	-
	<u>704,642</u>	<u>(138,699)</u>	<u>565,943</u>
<b>EXPENSES</b>			
Program Services	<u>549,057</u>	-	<u>549,057</u>
Supporting Services			
Management and General	58,135	-	58,135
Fund-Raising	38,759	-	38,759
Total Supporting Services	<u>96,894</u>	-	<u>96,894</u>
Total Expenses	<u>645,951</u>	-	<u>645,951</u>
Change in Net Assets	58,691	(138,699)	(80,008)
<b>NET ASSETS</b>			
Beginning of Year,			
As Previously Stated	308,617	181,624	490,241
Adjustment	(96,140)	96,140	-
Beginning of Year,			
As Adjusted	<u>212,477</u>	<u>277,764</u>	<u>490,241</u>
End of Year	<u>\$ 271,168</u>	<u>\$ 139,065</u>	<u>\$ 410,233</u>

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 186,951	\$ (80,008)
Adjustments to Reconcile Change in Net Assets		
Depreciation	16,008	14,058
(Increase)/Decrease in:		
Accounts Receivable	-	296
Grants Receivable	(10,898)	234
Prepaid Expenses	-	120
Increase/(Decrease) in:		
Accounts Payable	(6,241)	1,327
Accrued Expenses	106	(3,679)
Loss on Disposition of Vehicle	8,849	-
<b>Net Cash Used In Operating Activities</b>	<b>194,775</b>	<b>(67,652)</b>
<b>Cash Flows Used in Investing Activities</b>		
Purchase of Property and Equipment	(35,171)	(35,250)
<b>Net Increase in Cash</b>	<b>159,604</b>	<b>(102,902)</b>
Cash at Beginning of the Year	145,852	248,754
<b>Cash at End of the Year</b>	<b>\$ 305,456</b>	<b>\$ 145,852</b>
Restricted Cash	\$ 244,880	\$ 195,562
Unrestricted Cash	60,576	(49,710)
<b>Cash at End of the Year</b>	<b>\$ 305,456</b>	<b>\$ 145,852</b>

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 327,745	\$ 34,702	\$ 23,135	\$ 385,582
Payroll Taxes	27,595	2,922	1,948	32,465
Employee Benefits	10,917	1,156	771	12,844
<b>Total Payroll Expenses</b>	<b>366,258</b>	<b>38,780</b>	<b>25,854</b>	<b>430,892</b>
Administrative	9,223	976	651	10,850
Advertising	673	71	47	791
Depreciation	13,607	1,441	960	16,008
Insurance	13,157	1,393	929	15,479
Miscellaneous	11,896	1,260	840	13,996
Occupancy	11,243	1,190	794	13,227
Other Program Expenses	36,947	3,912	2,608	43,467
Professional Fees	1,273	135	90	1,498
Supplies and Repairs	14,088	1,492	994	16,574
Transportation	1,711	181	121	2,013
<b>Total Expenses</b>	<b>\$ 480,076</b>	<b>\$ 50,831</b>	<b>\$ 33,888</b>	<b>\$ 564,795</b>

**NEIGHBORHOOD RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 347,905	\$ 36,837	\$ 24,558	\$ 409,300
Payroll Taxes	29,764	3,152	2,101	35,017
Employee Benefits	10,668	1,130	753	12,551
<b>Total Payroll Expenses</b>	<b>388,337</b>	<b>41,119</b>	<b>27,412</b>	<b>456,868</b>
				-
Administrative	9,703	1,027	685	11,415
Advertising	212	22	15	249
Depreciation	11,950	1,265	844	14,059
Insurance	12,601	1,334	890	14,825
Miscellaneous	9,541	1,010	674	11,225
Occupancy	13,256	1,404	936	15,596
Other Program Expenses	82,988	8,787	5,858	97,633
Professional Fees	8,389	888	592	9,869
Supplies and Repairs	9,432	999	666	11,097
Transportation	2,648	280	187	3,115
<b>Total Expenses</b>	<b>\$ 549,057</b>	<b>\$ 58,135</b>	<b>\$ 38,759</b>	<b>\$ 645,951</b>

**NEIGHBORHOOD RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

**Note 1: Organization and Business**

Nature of Business – The Neighborhood Resource Center (the Center) is a not-for-profit corporation established as a grassroots, educational and cultural center fostering personal growth and community change in the Greater Fulton Hill area of Richmond, Virginia. The Center’s goal is to strengthen individuals and communities by providing opportunities for neighbors to build relationships, access resources and develop skills to enhance their lives and determine the fate of their community.

**Note 2: Summary of Significant Accounting Policies**

Method of Accounting – The financial statements of the Neighborhood Resource Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – Unconditional promises to give (pledges) are recorded as receivables and revenues and require the Center to distinguish between contributions received for each net asset category in accordance with donor implied restrictions.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined in similar categories as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

**Temporarily Restricted Net Assets** – Net assets whose use by the Neighborhood Resource Center is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or removed by actions of the Neighborhood Resource Center pursuant to those stipulations.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained by the Neighborhood Resource Center in perpetuity.

The Center did not have any permanently restricted net assets as of December 31, 2016 or 2015. See note 5 for a detailed listing of the temporarily restricted net assets as of December 31, 2016 and 2015.

Property and Equipment – Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Buildings and improvements are depreciated using the straight-line method over their estimated useful lives of 39 years. Equipment, furniture and fixtures are

**NEIGHBORHOOD RESOURCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

depreciated using the straight-line method over their estimated useful lives of 5-7 years. Vehicles are depreciated using the straight-line method over their estimated useful lives of 7 years. Maintenance and repairs, including replacement of minor items of physical properties, are charged to expense; major additions are capitalized.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Neighborhood Resource Center considers cash equivalents to include certificates of deposit and other highly liquid debt instruments purchased with an original maturity of three months or less. The Neighborhood Resource Center did not have any cash equivalents at December 31, 2016 or 2015.

Functional Expenses – The cost of providing program services and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates – The preparation of financial statements in accordance 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, revenues and expenses and disclosure of contingent assets and liabilities for the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Accounts receivable are reported net of allowances for doubtful accounts. Allowances are based on management's estimate of the amount of receivables that will actually be collected. There was no allowance for doubtful accounts for 2016 or 2015.

Grants Receivable – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional.

Income Taxes – The Center is a 501(c)3 tax exempt entity. Accordingly, no income taxes were required to be provided for in the accompanying financial statements. The Center has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2016 or 2015. Fiscal years ending on or after December 31, 2014 remain subject to examination by federal and state tax authorities.

Fair Value of Financial Instruments – The carrying amounts of cash, grants receivables, prepaid expenses, cash, accounts payable, and accrued expenses approximate fair value because of the short maturities of these instruments.

**NEIGHBORHOOD RESOURCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

**Note 3: Concentration of Credit Risk**

Financial instruments that potentially subject the Neighborhood Resource Center to concentration of credit risk consist principally of cash. The Neighborhood Resource Center maintained its checking account in a financial institution located in the city of Richmond, Virginia. Checking account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At times, checking account balances may exceed the FDIC limits.

**Note 4: Fixed Assets**

Fixed assets are reported at cost less accumulated depreciation. The assets for the Center at December 31, 2016 are as follows:

Changes in Fixed Assets:

	<u>1/1/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2016</u>
Building and Improvements	\$197,150	\$ -	\$ -	\$197,150
Equipment	45,418	-	-	45,418
Furniture and Fixtures	9,921	-	-	9,921
Vehicles	48,850	-	13,600	35,250
Land	35,600	-	-	35,600
TOTAL	<u>\$336,939</u>	<u>0</u>	<u>\$13,600</u>	<u>\$323,339</u>

Changes in Accumulated Depreciation:

	<u>1/1/2016</u>	<u>Current Provision</u>	<u>Deductions</u>	<u>12/31/2016</u>	<u>Net Book Value</u>
Building and Improvements	\$45,768	\$6,208	\$ -	\$51,976	\$145,174
Equipment	32,030	3,138	-	35,168	10,250
Furniture and Fixtures	7,686	252	-	7,938	1,983
Vehicles	5,327	6,410	4,751	6,986	28,264
Land	-	-	-	-	35,600
TOTAL	<u>\$90,811</u>	<u>\$16,008</u>	<u>\$ 4,751</u>	<u>\$102,068</u>	<u>\$221,271</u>

**NEIGHBORHOOD RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

The assets for the Center at December 31, 2015 are as follows:

Changes in Fixed Assets:

	1/1/2015	Additions	Retirements	12/31/2015
Building and Improvements	\$197,150	\$ -	\$ -	\$197,150
Equipment	45,418	-	-	45,418
Furniture and Fixtures	9,921	-	-	9,921
Vehicles	13,600	35,250	-	48,850
Land	35,600	-	-	35,600
TOTAL	<u>\$301,689</u>	<u>\$35,250</u>	<u>\$ -</u>	<u>\$336,939</u>

Changes in Accumulated Depreciation:

	1/1/2015	Current Provision	Deductions	12/31/2015	Net Book Value
Building and Improvements	\$39,560	\$6,208	\$ -	\$45,768	\$151,382
Equipment	28,892	3,138	-	32,030	13,388
Furniture and Fixtures	7,434	252	-	7,686	2,235
Vehicles	866	4,461	-	5,327	43,523
Land	-	-	-	-	35,600
TOTAL	<u>\$76,752</u>	<u>\$14,059</u>	<u>\$ -</u>	<u>\$90,811</u>	<u>\$246,128</u>

**Note 5: Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2016 are available for the following program activities:

Salaries and Program Support	\$40,000
Workforce Development	62,000
Fundraising	45,000
Wayside Center	35,250
Transportation	7,801
Remodeling	74,829
Capacity Building	20,000
PLUS Club	5,000
Total Temporarily Restricted Net Assets	<u>\$289,880</u>

Temporarily restricted net assets as of December 31, 2015 are available for the following program activities:

**NEIGHBORHOOD RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

Salaries and Program Support	\$28,639
After School	24,475
Workforce Development	45,304
Fundraising	32,931
Wayside Center	41,497
Transportation	7,801
Recording Studio	14,915
Total Temporarily Restricted Net Assets	<u>\$195,562</u>

**Note 6: Subsequent Events**

In preparing these financial statements, the Center evaluated events and transactions for potential recognition or disclosure through February, 2018, the date the financial statements were available to be issued.