

COMMUNITY RESOURCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2009



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY RESOURCE CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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Independent Auditor's Report

To the Board of Directors
Community Resource Center
650 Second Street
Encinitas, California 92024

We have audited the accompanying statement of financial position of Community Resource Center as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 Community Resource Center as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California
June 15, 2010

**COMMUNITY RESOURCE CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009**

ASSETS

Current Assets: (Notes 1 and 2)

Cash and cash equivalents	\$ 566,938
Grants receivable	168,555
Inventories	68,663
Other current assets	32,743
Total Current Assets	836,899

Noncurrent Assets: (Notes 1, 3, 4 and 5)

Deposits	21,294
Property and equipment, net	1,273,508
Donated property	39,200
Total Noncurrent Assets	1,334,002

TOTAL ASSETS **\$ 2,170,901**

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 1, 4 and 5)

Accounts payable and accrued expenses	\$ 186,454
Deferred revenue	139,468
Current portion of capital lease obligation	5,628
Current portion of note payable	12,594
Total Current Liabilities	344,144

Noncurrent Liabilities: (Notes 4 and 5)

Capital lease obligation, net of current portion	3,148
Note payable, net of current portion	185,280
Total Noncurrent Liabilities	188,428

Total Liabilities 532,572

Commitments (Notes 8 and 9)

Net Assets: (Notes 1 and 6)

Unrestricted	1,563,681
Temporarily restricted	74,648
Total Net Assets	1,638,329

TOTAL LIABILITIES AND NET ASSETS **\$ 2,170,901**

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

**COMMUNITY RESOURCES CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and Support:</u>			
Thrift shop sales	\$ 1,082,417	\$ -	\$ 1,082,417
Contributions	368,213	276,296	644,509
Grant revenue	433,874	-	433,874
Special events	272,519	-	272,519
Other income	38,033	-	38,033
In-kind contributions	5,245	-	5,245
Investment income	1,976	-	1,976
Net assets released from restrictions	209,190	(209,190)	-
Total Revenue and Support	<u>2,411,467</u>	<u>67,106</u>	<u>2,478,573</u>
<u>Expenses:</u>			
Program Services:			
Thrift shop	850,515	-	850,515
Domestic violence and emergency shelter	505,949	-	505,949
Social services	438,396	-	438,396
Counseling	151,526	-	151,526
Total Program Services	<u>1,946,386</u>	<u>-</u>	<u>1,946,386</u>
Supporting Services:			
Management and general	247,704	-	247,704
Fundraising	179,754	-	179,754
Total Supporting Services	<u>427,458</u>	<u>-</u>	<u>427,458</u>
Total Program and Supporting Expenses	<u>2,373,844</u>	<u>-</u>	<u>2,373,844</u>
Special Event Expenses	<u>46,074</u>	<u>-</u>	<u>46,074</u>
Total Expenses	<u>2,419,918</u>	<u>-</u>	<u>2,419,918</u>
Change in Net Assets	(8,451)	67,106	58,655
Net Assets at Beginning of Year	<u>1,572,132</u>	<u>7,542</u>	<u>1,579,674</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,563,681</u>	<u>\$ 74,648</u>	<u>\$ 1,638,329</u>

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

**COMMUNITY RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Services				Supporting Services				
	Social Services	Counseling	Domestic Violence and Emergency Shelter	Thrift Shop	Total Program Services	Fundraising	Management and General	Total Supporting Services	
<u>Operating Expenses:</u>									
Salaries and Related Expenses:									
Staff salaries	\$ 215,369	\$ 70,432	\$ 208,986	\$ 312,567	\$ 807,354	\$ 111,115	\$ 124,859	\$ 235,974	\$ 1,043,328
Temporary help	3,412	14,750	55,597	93,872	167,631	138	253	391	168,022
Payroll taxes and employee related expenses	73,942	23,781	72,014	139,536	309,273	35,626	38,456	74,082	383,355
Total Salaries and Related Expenses	<u>292,723</u>	<u>108,963</u>	<u>336,597</u>	<u>545,975</u>	<u>1,284,258</u>	<u>146,879</u>	<u>163,568</u>	<u>310,447</u>	<u>1,594,705</u>
Rent	11,514	25,496	18,524	192,585	248,119	124	19,123	19,247	267,366
Direct expenses	64,649	470	38,253	-	103,372	9,521	915	10,436	113,808
Depreciation	20,456	3,831	40,445	10,892	75,624	1,478	7,894	9,372	84,996
Utilities	13,135	3,116	13,658	40,678	70,587	-	6,237	6,237	76,824
Supplies	8,465	3,823	10,173	7,540	30,001	3,941	5,420	9,361	39,362
Repairs and maintenance	4,129	16	19,504	5,829	29,478	20	1,205	1,225	30,703
Insurance	5,025	576	8,484	10,722	24,807	-	4,896	4,896	29,703
Telephone	4,484	3,601	7,741	6,128	21,954	2,644	3,449	6,093	28,047
Equipment rental	4,874	213	1,756	1,705	8,548	7,577	5,155	12,732	21,280
Bank service charges	22	-	-	15,220	15,242	4,015	1,844	5,859	21,101
Interest	-	-	-	-	-	-	16,423	16,423	16,423
Professional fees	2,155	735	2,444	4,258	9,592	-	2,882	2,882	12,474
Travel, training, meals and entertainment	2,473	317	3,930	1,436	8,156	1,218	1,512	2,730	10,886
Vehicle	1,245	-	-	5,527	6,772	-	-	-	6,772
Staff and board development	164	53	369	175	761	240	3,149	3,389	4,150
Property taxes	778	-	2,038	-	2,816	-	910	910	3,726
Postage and delivery	543	28	341	25	937	1,857	732	2,589	3,526
Small equipment and furniture	835	-	338	304	1,477	240	785	1,025	2,502
Hiring costs	703	288	814	203	2,008	-	40	40	2,048
Dues and subscriptions	24	-	540	25	589	-	1,385	1,385	1,974
Cost of selling donated items	-	-	-	604	604	-	-	-	604
Advertising	-	-	-	444	444	-	-	-	444
Taxes and permits	-	-	-	240	240	-	180	180	420
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	<u>\$ 438,396</u>	<u>\$ 151,526</u>	<u>\$ 505,949</u>	<u>\$ 850,515</u>	<u>\$ 1,946,386</u>	<u>\$ 179,754</u>	<u>\$ 247,704</u>	<u>\$ 427,458</u>	<u>\$ 2,373,844</u>

**COMMUNITY RESOURCE CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Cash Flows From Operating Activities:</u>	
Change in net assets	\$ 58,655
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	84,996
(Increase) Decrease in:	
Grants receivable	(93,258)
Inventories	(6,962)
Other current assets	(13,062)
Increase (Decrease) in:	
Accounts payable and accrued expenses	(1,755)
Deferred revenue	89,669
Net Cash Provided by Operating Activities	<u>118,283</u>
<u>Cash Flows From Investing Activities:</u>	
Investment purchases and sales, net	21,422
Payment of deposits	(1,298)
Purchase of property and equipment	(39,325)
Net Cash Used in Investing Activities	<u>(19,201)</u>
<u>Cash Flows From Financing Activities:</u>	
Payments on capital lease obligation	(4,840)
Payments on note payable	(11,722)
Net Cash Used in Financing Activities	<u>(16,562)</u>
Net Increase in Cash and Cash Equivalents	82,520
Cash and Cash Equivalents at Beginning of Year	<u>484,418</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>566,938</u>
<u>Supplemental Disclosure for Cash Flow Information:</u>	
Cash paid during the year for interest	<u>\$ 16,423</u>

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

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Organization and Significant Accounting Policies:

Organization

Community Resource Center (the “Organization”) was organized as a California Nonprofit Public Benefit Corporation in 1979. Its purpose is to provide families in need and victims of domestic violence with safety, stability, and a path to self-sufficiency. The Organization is supported by donor contributions and private and government grants.

The following is a brief description of the Organization’s programs:

Social Services

The Organization’s Social Services served nearly 2,500 households in need in 2009. The comprehensive services include shelter, motel vouchers, and rental assistance, food programs, employment preparation, financial literacy programs, referrals, and the Holiday Baskets Program (serving a record 1,300 households which is the largest distribution of food, essentials and toys of its kind in San Diego County). Through participation in Social Services, clients create personalized self-sufficiency plans that increase their housing and financial stability, as well as their level of self-sufficiency. Of clients who participated in CRC’s emergency shelter programs with intensive case management, 97% secured transitional or permanent housing.

Thrift Shops

The Organization operates four thrift shops located in Encinitas, Solana Beach, Carlsbad and San Marcos. In addition to generating net income for the agency’s programs, the thrift shops are a source of clothing, furniture and household goods for both domestic violence and social service clients, provide employment opportunities for low-income individuals, provide rehabilitation opportunities for court-mandated volunteers and other individuals, and are a source of low-cost goods for local families. All items in the thrift stores have been donated by people and businesses from throughout the North San Diego County community.

Domestic Violence and Emergency Shelter

The Organization’s Domestic Violence Program includes Carol’s House emergency domestic violence shelter, a transitional housing program, and the Transitioning to Independence program, which provides rental assistance and support for clients moving into permanent housing. Clients receive a wide range of supportive services, including case management, counseling and group therapy, life skills classes, legal advocacy, the Therapeutic Children’s Program, and referrals to outside services. As a result of program participation, adults stabilized their mental health issues, improved their problem-solving, communication, household management, and employment skills, and increased their financial and housing stability. Children improved their self-concept, reduced symptoms of depression and anxiety, and showed decreased developmental delays. Through a self-sufficiency model of wrap-around services, over 98% of the 77 households served remained free from abuse (did not return to their abusers) in 2009.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Counseling

The Organization provides counseling and group therapy for clients who participate in the Organization's Domestic Violence services and/or social services, as well as individuals throughout North San Diego County. The Counseling program enables clients to attain mental and emotional stability, which, in combination with other Organization services, enables clients to more effectively manage personalized plans for self-sufficiency.

Significant Accounting Policies

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is in accordance with U.S. generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities.

In June 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) was issued. The Codification is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification is effective for financials statements issued for interim and annual periods ending after September 15, 2009. The implementation of this standard did not have a material impact on the financial position and results of operations.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). These standards do not change existing guidance as to whether or not an instrument is carried at fair value. The Organization had no financial instruments at December 31, 2009.

Grants Receivable

Management believes that all grants receivable were fully collectible, therefore no allowance for doubtful accounts was recorded as of December 31, 2009.

Inventories

Inventories of donated merchandise held for resale by the Organization's thrift shops are valued at the lower of cost or market, determined on the first-in, first-out basis.

Capitalization and Depreciation

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	31.5 years
Leasehold improvements	3 - 7 years
Furniture and fixtures	3 - 5 years
Automobile	4 years

Depreciation aggregated \$84,996 for the year ended December 31, 2009.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Impairment of Real Estate

The Organization reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2009.

Compensated Absences

Accumulated unpaid vacation totaling \$34,322 at December 31, 2009 is accrued when incurred and included in accounts payable and accrued expenses.

Revenue Recognition

Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Grants receivable totaled \$168,555 at December 31, 2009. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Deferred revenue from grants totaled \$139,468 at December 31, 2009.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Goods and Services

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services totaled \$3,332 for the year ended December 31, 2009 and is included in in-kind contributions in the statement of activities.

In-kind contributions of goods used for program services with an estimated fair value of \$1,913 for the year ended December 31, 2009 is included in in-kind contributions in the statement of activities.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by the Organization's management.

Income Tax Status

The Organization is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization is not a private foundation.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 15, 2010, the date the financial statements were available to be issued.

Note 2 - Property and Equipment:

Property and equipment consist of the following at December 31, 2009:

Land and buildings	\$ 1,687,194
Furniture and fixtures	152,789
Leasehold improvements	130,627
Automobile	49,043
Construction in progress	30,263
Subtotal	<u>2,049,916</u>
Less: Accumulated depreciation	<u>(776,408)</u>
Property and Equipment - Net	<u><u>\$ 1,273,508</u></u>

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 3 - Donated Property:

Donated property consists of land in Apache County, Arizona donated to the Organization. The land has been recorded at fair value based on the value of the County Tax Assessor and totaled \$39,200 at December 31, 2009.

Note 4 - Capital Lease Obligation:

The Organization entered into a capital lease in August 2006 for phone equipment, expiring June 2011. The lease requires monthly payments of \$548, including interest imputed at 15.17%, and is collateralized by the equipment. The phone equipment has a cost of \$26,410 and accumulated depreciation of \$12,890 at December 31, 2009.

The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are due as follows at December 31, 2009:

<u>Years Ended December 31,</u>	
2010	\$ 6,578
2011	3,289
Total Minimum Lease Payments	<u>9,867</u>
Less: Amount representing interest	<u>(1,091)</u>
Present value of net minimum lease payments	8,776
Less: Current portion	<u>(5,628)</u>
Capital Lease Obligation, Long-Term	<u><u>\$ 3,148</u></u>

Note 5 - Note Payable:

Note payable consists of the following at December 31, 2009:

Note payable to San Diego National Bank, payable in monthly installments of \$2,201 including interest at 7.09%, collateralized by real property, due January 2021.	\$ 197,874
Less: Current portion	<u>(12,594)</u>
Note Payable, Long-Term	<u><u>\$ 185,280</u></u>

Aggregate maturities of the note payable are as follows:

<u>Years Ended December 31,</u>	
2010	\$ 12,594
2011	13,529
2012	14,499
2013	15,612
2014	16,772
Thereafter	<u>124,868</u>
Total	<u><u>\$ 197,874</u></u>

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 6 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31, 2009:

Rental Assistance	\$ 37,862
Software Development	15,000
Counseling	10,000
Legal Advocacy	9,700
Domestic Violence Program	2,086
Total Temporarily Restricted Net Assets	<u>\$ 74,648</u>

Net assets in the amount of \$209,190 for the year ended December 31, 2009 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors.

Note 7 - Beneficial Interest in Rancho Santa Fe Foundation:

The Organization has a beneficial interest in the Rancho Santa Fe Foundation (RSFF). The Organization has not recorded this asset in the accompanying financial statements. RSFF's spending policy is to disburse 5% of the value of the fund annually, based on a historical average value of the fund. The calculation is based on the average value of the fund for twelve quarters prior to the date of the distribution. The distributions are used to further the Organization's mission. The Organization did not receive any distributions for the year ended December 31, 2009. The beneficial interest in the Rancho Santa Fe Foundation totaled \$44,682 at December 31, 2009, of which \$25,000 was contributed by the Organization.

Note 8 - Retirement Plan:

The Organization maintains a qualified deferred compensation plan for eligible employees. Under the Plan, employees may elect to defer a percentage of pretax annual compensation, subject to the Internal Revenue Service limits. The Organization matches the participant's contribution to the Plan, not to exceed three percent of the participant's gross compensation. The Organization contributed \$16,621 to the Plan for the year ended December 31, 2009.

Note 9 - Operating Leases:

The Organization leases several properties for thrift shops and storage facilities. The Organization has also entered into leases for equipment. Rent expense totaled \$267,366 for the year ended December 31, 2009.

Future minimum lease payments under these operating leases are due as follows at December 31, 2009:

<u>Years Ended</u> <u>December 31,</u>	
2010	\$ 277,408
2011	266,006
2012	180,241
2013	109,115
Total	<u>\$ 832,770</u>