

COMMUNITY RESOURCE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2010



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY RESOURCE CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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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, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Community Resource Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Community Resource Center's 2009 financial statements and in our report dated June 15, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2010, 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.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2011, on our consideration of Community Resource Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Leaf & Cole LLP

San Diego, California
June 2, 2011

**COMMUNITY RESOURCE CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

| ASSETS | | |
|---|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| <u>Current Assets:</u> (Note 1) | | |
| Cash and cash equivalents | \$ 651,492 | \$ 566,938 |
| Grants receivable | 269,015 | 168,555 |
| Inventories | 71,080 | 68,663 |
| Other current assets | 16,262 | 32,743 |
| Total Current Assets | 1,007,849 | 836,899 |
| <u>Noncurrent Assets:</u> (Notes 1, 2, 3, 4 and 5) | | |
| Deposits | 30,461 | 21,294 |
| Property and equipment, net | 1,225,492 | 1,273,508 |
| Donated property | 39,200 | 39,200 |
| Total Noncurrent Assets | 1,295,153 | 1,334,002 |
| TOTAL ASSETS | \$ 2,303,002 | \$ 2,170,901 |
| LIABILITIES AND NET ASSETS | | |
| <u>Current Liabilities:</u> (Notes 1, 4 and 5) | | |
| Accounts payable and accrued expenses | \$ 340,729 | \$ 186,454 |
| Deferred revenue | 29,302 | 139,468 |
| Current portion of capital lease obligation | 3,148 | 5,628 |
| Current portion of note payable | 13,529 | 12,594 |
| Total Current Liabilities | 386,708 | 344,144 |
| <u>Noncurrent Liabilities:</u> (Notes 4 and 5) | | |
| Capital lease obligation, net of current portion | - | 3,148 |
| Note payable, net of current portion | 171,758 | 185,280 |
| Total Noncurrent Liabilities | 171,758 | 188,428 |
| Total Liabilities | 558,466 | 532,572 |
| <u>Commitments</u> (Notes 8 and 9) | | |
| <u>Net Assets:</u> (Notes 1 and 6) | | |
| Unrestricted | 1,682,567 | 1,563,681 |
| Temporarily restricted | 61,969 | 74,648 |
| Total Net Assets | 1,744,536 | 1,638,329 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,303,002 | \$ 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, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

| | 2010 | | | <u>2009</u> |
|--|---------------------|----------------------------------|---------------------|---------------------|
| | <u>Unrestricted</u> | Temporarily <u>Restricted</u> | <u>Total</u> | <u>Total</u> |
| <u>Revenue and Support:</u> | | | | |
| Grant revenue | \$ 1,209,975 | \$ - | \$ 1,209,975 | \$ 433,874 |
| Thrift shop sales | 1,115,711 | - | 1,115,711 | 1,082,417 |
| Contributions | 485,683 | 190,732 | 676,415 | 644,509 |
| Special events | 167,523 | - | 167,523 | 272,519 |
| Other income | 42,694 | - | 42,694 | 38,033 |
| In-kind contributions | 13,305 | - | 13,305 | 5,245 |
| Investment income | 373 | - | 373 | 1,976 |
| Net assets released from restrictions | 203,411 | (203,411) | - | - |
| Total Revenue and Support | 3,238,675 | (12,679) | 3,225,996 | 2,478,573 |
| <u>Expenses:</u> | | | | |
| Program Services: | | | | |
| Social services | 948,504 | - | 948,504 | 438,396 |
| Thrift shop | 896,802 | - | 896,802 | 850,515 |
| Domestic violence and emergency shelter | 573,386 | - | 573,386 | 505,949 |
| Counseling | 190,753 | - | 190,753 | 151,526 |
| Total Program Services | 2,609,445 | - | 2,609,445 | 1,946,386 |
| Supporting Services: | | | | |
| Management and general | 290,880 | - | 290,880 | 247,704 |
| Fundraising | 185,357 | - | 185,357 | 179,754 |
| Total Supporting Services | 476,237 | - | 476,237 | 427,458 |
| Total Program and Supporting Expenses | 3,085,682 | - | 3,085,682 | 2,373,844 |
| Special Event Expenses | 34,107 | - | 34,107 | 46,074 |
| Total Expenses | 3,119,789 | - | 3,119,789 | 2,419,918 |
| Change in Net Assets | 118,886 | (12,679) | 106,207 | 58,655 |
| Net Assets at Beginning of Year | 1,563,681 | 74,648 | 1,638,329 | 1,579,674 |
| NET ASSETS AT END OF YEAR | \$ 1,682,567 | \$ 61,969 | \$ 1,744,536 | \$ 1,638,329 |

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

**COMMUNITY RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

| | Program Services | | | | Supporting Services | | | | 2010 Total | 2009 Total |
|--|--------------------|-------------------|--|-------------------|------------------------------|-------------------|---------------------------|---------------------------------|---------------------|---------------------|
| | Social Services | Counseling | Domestic Violence and Emergency Shelter | Thrift Shop | Total Program Services | Fundraising | Management and General | Total Supporting Services | | |
| Operating Expenses: | | | | | | | | | | |
| Salaries and Related Expenses: | | | | | | | | | | |
| Staff salaries | \$ 258,919 | \$ 89,690 | \$ 209,362 | \$ 313,427 | \$ 871,398 | \$ 116,332 | \$ 129,034 | \$ 245,366 | \$ 1,116,764 | \$ 1,043,328 |
| Temporary help | 1,343 | 24,638 | 48,071 | 89,619 | 163,671 | - | 45,682 | 45,682 | 209,353 | 168,022 |
| Payroll taxes and employee related expenses | 96,481 | 32,514 | 76,324 | 157,765 | 363,084 | 41,488 | 48,640 | 90,128 | 453,212 | 383,355 |
| Total Salaries and Related Expenses | 356,743 | 146,842 | 333,757 | 560,811 | 1,398,153 | 157,820 | 223,356 | 381,176 | 1,779,329 | 1,594,705 |
| Subrecipient costs | 304,411 | - | - | - | 304,411 | - | - | - | 304,411 | - |
| Direct expenses | 176,658 | 265 | 128,873 | - | 305,796 | 2,144 | - | 2,144 | 307,940 | 113,808 |
| Rent | 31,566 | 25,614 | 3,541 | 227,319 | 288,040 | 122 | 3,474 | 3,596 | 291,636 | 267,366 |
| Depreciation | 19,995 | 2,340 | 35,229 | 6,906 | 64,470 | 1,092 | 6,571 | 7,663 | 72,133 | 84,996 |
| Utilities | 12,941 | 3,164 | 11,153 | 38,012 | 65,270 | - | 6,184 | 6,184 | 71,454 | 76,824 |
| Supplies | 12,136 | 4,425 | 9,196 | 7,200 | 32,957 | 4,403 | 7,222 | 11,625 | 44,582 | 39,362 |
| Repairs and maintenance | 5,482 | 85 | 19,709 | 6,418 | 31,694 | 36 | 3,490 | 3,526 | 35,220 | 30,703 |
| Telephone | 4,316 | 4,757 | 5,725 | 8,016 | 22,814 | 2,841 | 4,358 | 7,199 | 30,013 | 28,047 |
| Insurance | 4,851 | 518 | 7,679 | 9,607 | 22,655 | - | 4,861 | 4,861 | 27,516 | 29,703 |
| Bank service charges | 43 | 3 | - | 17,062 | 17,108 | 3,784 | 1,620 | 5,404 | 22,512 | 21,101 |
| Equipment rental | 4,945 | 215 | 1,720 | 1,720 | 8,600 | 7,739 | 5,160 | 12,899 | 21,499 | 21,280 |
| Interest | - | - | - | - | - | - | 15,867 | 15,867 | 15,867 | 16,423 |
| Professional fees | 6,009 | 736 | 2,442 | 4,254 | 13,441 | - | 2,408 | 2,408 | 15,849 | 12,474 |
| Travel, training, meals and entertainment | 3,681 | 1,620 | 6,976 | 693 | 12,970 | 864 | 1,973 | 2,837 | 15,807 | 10,886 |
| Vehicle | 3,350 | - | 127 | 6,456 | 9,933 | - | - | - | 9,933 | 6,772 |
| Staff and board development | 123 | - | - | 533 | 656 | 2,335 | 1,546 | 3,881 | 4,537 | 4,150 |
| Postage and delivery | 323 | 81 | 561 | 183 | 1,148 | 2,049 | 865 | 2,914 | 4,062 | 3,526 |
| Property taxes | 380 | - | 2,645 | - | 3,025 | - | 508 | 508 | 3,533 | 3,726 |
| Small equipment and furniture | - | - | 2,515 | 335 | 2,850 | - | 372 | 372 | 3,222 | 2,502 |
| Dues and subscriptions | 151 | 48 | 1,313 | 118 | 1,630 | 83 | 825 | 908 | 2,538 | 1,974 |
| Advertising | - | - | - | 1,069 | 1,069 | - | - | - | 1,069 | 444 |
| Hiring costs | 360 | 40 | 225 | 90 | 715 | 45 | 60 | 105 | 820 | 2,048 |
| Taxes and permits | 40 | - | - | - | 40 | - | 160 | 160 | 200 | 420 |
| Cost of selling donated items | - | - | - | - | - | - | - | - | - | 604 |
| TOTAL PROGRAM AND SUPPORTING EXPENSES | \$ 948,504 | \$ 190,753 | \$ 573,386 | \$ 896,802 | \$ 2,609,445 | \$ 185,357 | \$ 290,880 | \$ 476,237 | \$ 3,085,682 | \$ 2,373,844 |

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

**COMMUNITY RESOURCE CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| <u>Cash Flows From Operating Activities:</u> | | |
| Change in net assets | \$ 106,207 | \$ 58,655 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 72,133 | 84,996 |
| (Increase) Decrease in: | | |
| Grants receivable | (100,460) | (93,258) |
| Inventories | (2,417) | (6,962) |
| Other current assets | 16,481 | (13,062) |
| Increase (Decrease) in: | | |
| Accounts payable and accrued expenses | 154,275 | (1,755) |
| Deferred revenue | (110,166) | 89,669 |
| Net Cash Provided by Operating Activities | <u>136,053</u> | <u>118,283</u> |
| <u>Cash Flows From Investing Activities:</u> | | |
| Investment purchases and sales, net | - | 21,422 |
| Payment of deposits | (9,167) | (1,298) |
| Purchase of property and equipment | (24,117) | (39,325) |
| Net Cash Used in Investing Activities | <u>(33,284)</u> | <u>(19,201)</u> |
| <u>Cash Flows From Financing Activities:</u> | | |
| Payments on capital lease obligation | (5,628) | (4,840) |
| Payments on note payable | (12,587) | (11,722) |
| Net Cash Used in Financing Activities | <u>(18,215)</u> | <u>(16,562)</u> |
| Net Increase in Cash and Cash Equivalents | 84,554 | 82,520 |
| Cash and Cash Equivalents at Beginning of Year | <u>566,938</u> | <u>484,418</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 651,492</u> | <u>\$ 566,938</u> |
| <u>Supplemental Disclosure for Cash Flow Information:</u> | | |
| Cash paid during the year for interest | <u>\$ 15,867</u> | <u>\$ 16,423</u> |

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

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 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 2010. 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 1,400 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 the Organization’s emergency shelter programs with intensive case management, 69% 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 96% of the 100 households served remained free from abuse (did not return to their abusers) in 2010.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 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 accounting principles generally accepted in the United States of America 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, 2010
(WITH COMPARATIVE TOTALS FOR 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, 2010.

Grants Receivable

Management believes that all grants receivable were fully collectible, therefore no allowance for doubtful accounts was recorded as of December 31, 2010 and 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.

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.

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:

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

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

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

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

Depreciation aggregated \$72,133 and \$84,996 for the years ended December 31, 2010 and 2009, respectively.

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 future net undiscounted net cash flows expected to be generated by the property and any 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 2010 or 2009.

Compensated Absences

Accumulated unpaid vacation totaling \$38,845 and \$34,322 at December 31, 2010 and 2009, respectively, are 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 \$269,015 and \$168,555 at December 31, 2010 and 2009, respectively. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned. Deferred revenue from grants totaled \$29,302 and \$139,468 at December 31, 2010 and 2009, respectively.

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 \$-0- and \$3,332 for the years ended December 31, 2010 and 2009, respectively and is included in in-kind contributions in the statement of activities.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

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

Significant Accounting Policies (Continued)

Donated Goods and Services (Continued)

In-kind contributions of goods used for program services with an estimated fair value of \$13,305 and \$1,913 for the years ended December 31, 2010 and 2009, respectively and is included in in-kind contributions in the statement of activities.

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

Comparative Totals for December 31, 2009

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

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

Significant Accounting Policies (Continued)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2011, 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:

| | <u>2010</u> | <u>2009</u> |
|--------------------------------|---------------------|---------------------|
| Land and buildings | \$ 1,687,194 | \$ 1,687,194 |
| Furniture and fixtures | 176,906 | 152,789 |
| Leasehold improvements | 130,627 | 130,627 |
| Automobile | 49,043 | 49,043 |
| Construction in progress | 30,263 | 30,263 |
| Subtotal | <u>2,074,033</u> | <u>2,049,916</u> |
| Less: Accumulated depreciation | <u>(848,541)</u> | <u>(776,408)</u> |
| Property and Equipment - Net | <u>\$ 1,225,492</u> | <u>\$ 1,273,508</u> |

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, 2010 and 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, less accumulated depreciation of \$16,663 and \$12,890 at December 31, 2010 and 2009, respectively.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

Note 4 - Capital Lease Obligation: (Continued)

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, 2010:

| <u>Years Ended December 31</u> | |
|---|--------------------|
| 2011 | \$ 3,289 |
| Total Minimum Lease Payments | <u>3,289</u> |
| Less: Amount representing interest | <u>(141)</u> |
| Present value of net minimum lease payments | 3,148 |
| Less: Current portion | <u>(3,148)</u> |
| Capital Lease Obligation, Long-Term | <u><u>\$ -</u></u> |

Note 5 - Note Payable:

Note payable consists of the following at December 31:

| | <u>2010</u> | <u>2009</u> |
|---|--------------------------|--------------------------|
| Note payable to San Diego National Bank, payable in monthly installments of \$2,201 including interest at 7.09%. The interest rate will be adjusted on January 18, 2011 and January 18, 2016, pursuant to the note. The note is collateralized by real property and is due on January 18, 2021. | \$ 185,287 | \$ 197,874 |
| Less: Current portion | <u>(13,529)</u> | <u>(12,594)</u> |
| Note Payable, Noncurrent | <u><u>\$ 171,758</u></u> | <u><u>\$ 185,280</u></u> |

Future principal payments on the note payable are as follows:

| <u>Years Ended December 31</u> | |
|------------------------------------|--------------------------|
| 2011 | \$ 13,529 |
| 2012 | 14,499 |
| 2013 | 15,612 |
| 2014 | 16,772 |
| 2015 | 18,018 |
| Thereafter | <u>106,857</u> |
| Total | <u><u>\$ 185,287</u></u> |

The interest rate on the note payable was adjusted to 4.23% on January 18, 2011, pursuant to the note.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)**

Note 6 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at December 31:

| | <u>2010</u> | <u>2009</u> |
|---|------------------|------------------|
| Domestic Violence Program | \$ 34,843 | \$ 2,086 |
| Software Development | 15,000 | 15,000 |
| Legal Advocacy | 12,126 | 9,700 |
| Rental Assistance | - | 37,862 |
| Counseling | - | 10,000 |
| Total Temporarily Restricted Net Assets | <u>\$ 61,969</u> | <u>\$ 74,648</u> |

Net assets in the amount of \$203,411 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the year ended December 31, 2010.

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 years ended December 31, 2010 and 2009. The beneficial interest in the Rancho Santa Fe Foundation totaled \$50,063 and \$44,682 at December 31, 2010 and 2009, respectively, of which \$25,000 at December 31, 2010 and 2009 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 \$16,144 and \$16,621 to the Plan for the years ended December 31, 2010 and 2009, respectively.

**COMMUNITY RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 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 \$291,636 and \$267,366 for the years ended December 31, 2010 and 2009, respectively.

Future minimum lease payments under these operating leases are due as follows:

| <u>Years Ended</u> <u>December 31</u> | |
|--|--------------------------|
| 2011 | \$ 275,764 |
| 2012 | 178,330 |
| 2013 | <u>106,667</u> |
| Total | <u><u>\$ 560,761</u></u> |

**COMMUNITY RESOURCE CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---------------------------------|
| Department of Housing and Urban Development: | | |
| Direct Programs: | | |
| Homelessness Prevention and Rapid Re-Housing Program Technical Assistance | 14.257 | \$ 544,858 |
| Supportive Housing Program | 14.235 | 55,000 |
| Emergency Shelter Grants Program | 14.231 | <u>13,820</u> |
| Total Direct Programs | | <u>613,678</u> |
| Pass-Through Programs From: | | |
| South Bay Community Services: | | |
| Home Investment Partnerships Program | 14.239 | <u>40,251</u> |
| County of San Diego: | | |
| Emergency Shelter Grants Program | 14.231 | <u>12,313</u> |
| City of Encinitas: | | |
| Community Development Block Grants/Entitlement Grants - Homeless Preventions and Employment Preparation Program | 14.218 | 8,745 |
| Community Development Block Grants/Entitlement Grants - Community Room Walkway Replacement | 14.218 | <u>5,477</u> |
| Total City of Encinitas Department of Housing and Urban Development | | <u>14,222</u> |
| City of Carlsbad: | | |
| Community Development Block Grants - Entitlement Grants | 14.218 | <u>3,500</u> |
| Total Pass-Through Programs | | <u>70,286</u> |
| Total Department of Housing and Urban Development | | <u>683,964</u> |
| Department of Health and Human Services: | | |
| Pass-Through Programs From: | | |
| North County Lifeline: | | |
| Community Services Block Grant - ARRA | 93.710 | <u>42,075</u> |
| Total Department of Health and Human Services | | <u>42,075</u> |
| Department of Justice: | | |
| Pass-Through Programs From: | | |
| The California Emergency Management Agency: | | |
| Crime Victim Assistance | 16.575 | <u>5,720</u> |
| Total Department of Justice | | <u>5,720</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u>\$ 731,759</u> |

**COMMUNITY RESOURCE CENTER
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Basis of Presentation:

The schedule of expenditures of federal awards includes the federal grant activity of Community Resource Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
In Accordance With Government Auditing Standards**

To the Board of Directors
Community Resource Center

We have audited the financial statements of Community Resource Center as of and for the year ended December 31, 2010, and have issued our report thereon dated June 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Resource Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Resource Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Resource Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Resource Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Leaf & Cole LLP

San Diego, California
June 2, 2011



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**Independent Auditor's Report on Compliance With
Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

To the Board of Directors
Community Resource Center

Compliance

We have audited Community Resource Center's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Community Resource Center's major federal programs for the year ended December 31, 2010. Community Resource Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Community Resource Center's management. Our responsibility is to express an opinion on Community Resource Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Resource Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Community Resource Center's compliance with those requirements.

In our opinion, Community Resource Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of Community Resource Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Resource Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Resource Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Leaf & Cole LLP

San Diego, California
June 2, 2011

**COMMUNITY RESOURCE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Type of auditor's report issued on compliance
for major programs: Unqualified

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weakness(es)? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.257 | Homeless Prevention and Rapid Re-Housing Program Technical Assistance |

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings:

None

Section III – Federal Award Findings and Questioned Costs:

None