

UTAH DISPUTE RESOLUTION

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

as of June 30, 2016 and 2015

UTAH DISPUTE RESOLUTION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Utah Dispute Resolution:

I have audited the accompanying financial statements of Utah Dispute Resolution (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 the 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

My responsibility is to express an opinion on the financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 my 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, I consider internal control relevant to the entity'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 entity's internal control. Accordingly, I 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Dispute Resolution as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Huizenga & Co., PC

August 11, 2016

**UTAH DISPUTE RESOLUTION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND 2015**

(See Independent Auditor's Report)

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and equivalents	\$ 272,106	\$ 220,271
Pledges and other receivables	-	2,600
Total current assets	<u>272,106</u>	<u>222,871</u>
Property and equipment, at cost		
Leasehold improvements	25,883	25,883
Computers, equipment and furniture	27,065	26,605
Total property and equipment	<u>52,948</u>	<u>52,488</u>
Less accumulated depreciation and amortization	(49,907)	(47,883)
Property and equipment, net	<u>3,041</u>	<u>4,605</u>
Total assets	<u>\$ 275,147</u>	<u>\$ 227,476</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,322	\$ -
Deferred revenue	2,590	4,700
Total current liabilities	<u>3,912</u>	<u>4,700</u>
Net assets:		
Temporarily restricted	11,000	16,000
Unrestricted	260,235	206,776
Total net assets	<u>271,235</u>	<u>222,776</u>
Total liabilities and net assets	<u>\$ 275,147</u>	<u>\$ 227,476</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

(See Independent Auditor's Report)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Grant and contribution income	\$ 117,702	\$ 11,000	\$ 128,702	\$ 85,901
Seminar income	81,089	-	81,089	94,622
Mediation revenue	18,184	-	18,184	23,870
Administrative fees	13,586	-	13,586	17,743
Youth program grant	-	-	-	5,000
Program contract income	7,000	-	7,000	6,500
In-kind revenue	21,992	-	21,992	26,542
Interest and other	358	-	358	341
Net assets released from program restriction	16,000	(16,000)	-	-
Total revenue	275,911	(5,000)	270,911	260,519
Expenses:				
Program service costs				
Compensation costs	161,784	-	161,784	163,319
Other program service costs	22,688	-	22,688	29,916
General and administrative	35,751	-	35,751	36,211
Depreciation and amortization	2,024	-	2,024	3,513
Fundraising	205	-	205	142
Total expenses	222,452	-	222,452	233,101
Increase (decrease) in net assets	53,459	(5,000)	48,459	27,418
Net assets				
Beginning of year	206,776	16,000	222,776	195,358
End of year	<u>\$ 260,235</u>	<u>\$ 11,000</u>	<u>\$ 271,235</u>	<u>\$ 222,776</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

(See Independent Auditor's Report)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
Cash flows from operating activities:				
Cash received from service recipients	121,349	-	121,349	149,507
Cash received from contributors, restricted for use and passage of time	-	108,000	108,000	77,500
Cash received from contributors, unrestricted	9,702	-	9,702	9,901
Cash paid to employees	(161,784)	-	(161,784)	(163,319)
Cash paid to suppliers	(35,330)	-	(35,330)	(39,408)
Restrictions removed from receipts	118,000	(118,000)	-	-
Sale of fixed assets	-	-	-	25
Purchase of equipment	(460)	-	(460)	(524)
Net cash provided by operating activities	51,477	(10,000.00)	41,477	33,682
Cash flows from investing activities:				
Interest received	358	-	358	341
Net cash provided by investing activities	358	-	358	341
Net increase in cash and equivalents	51,835	(10,000.00)	41,835	34,023
Cash and equivalents				
Beginning of year	220,271	-	220,271	186,248
End of year	<u>\$ 272,106</u>	<u>\$ (10,000.00)</u>	<u>\$ 262,106</u>	<u>\$ 220,271</u>
<u>Supplemental data for noncash operating, investing and financing activities:</u>				
In-kind revenues	\$ 21,992	\$ -	\$ 21,992	\$ 26,542
In-kind expenses, allocated to program services	8,062	-	8,062	11,587
In-kind expenses, allocated to general and administrative	13,930	-	13,930	14,955

See notes to financial statements

UTAH DISPUTE RESOLUTION
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2016 AND 2015

(1) Summary of significant accounting policies

Organization- Utah Dispute Resolution (UDR) was created in 1991 and was incorporated in the State of Utah on July 8, 1996. UDR was established to provide alternative dispute resolution (mediation) services to low and middle-income individuals. Mediation services are provided by UDR staff and local volunteers including attorneys, social workers and others. Cases include disputes involving family, housing, neighborhood and consumer issues.

Fund accounting- The assets, liabilities and net assets of UDR are reported in accordance with generally accepted accounting principles for a not-for-profit organization.

The net assets of UDR have been classified into two categories: Unrestricted and Temporarily Restricted. These categories are determined based on restrictions placed upon resources provided to UDR by donors or others.

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 and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include cash on hand, bank demand deposit accounts and money market accounts.

Property and equipment - Depreciation is provided using the straight-line method over the following estimated useful lives:

Leasehold improvements	10 years
Computers, equipment and furniture	5 years

Purchased property and equipment is recorded at historical cost. Donated property and equipment is recorded at fair market value.

Compensated absences - Compensated absences have not been accrued because they are not considered material.

Deferred Revenue - Fees collected prior to yearend for events to be held in the following fiscal year are recorded as deferred revenue.

Revenue Classification - Contributions with donor-imposed restrictions are reported as temporarily restricted or permanently restricted, as appropriate. Contributions without donor-imposed restrictions are reported as unrestricted support. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

In-Kind Revenue and Expense - In-kind revenue and expense is recorded at the fair market value in the period it is received. In-kind revenue and expense consists of donated rent, supplies, furniture, software and support services.

(1) **Summary of significant accounting policies - Continued**

Income tax Status- On July 8, 1996, UDR incorporated as a 501(c)(3) organization. The Internal Revenue Service provided a determination letter on May 15, 1997 which exempts UDR from federal income taxes for services it provides under its tax-exempt mission. UDR is liable for taxes on unrelated business income it may generate. To date, all of the net income UDR has generated is exempt from taxation.

Reclassification - Certain items in the 2015 financial statements were reclassified to conform to their 2016 presentation.

(2) **Concentrations**

Financial instruments which potentially subject UDR to concentrations of credit risk consist principally of cash, cash equivalents and certificates of deposits. UDR maintains these financial instruments with what the Board of Trustees believes to be high credit quality financial institutions.

UDR obtained grants, contributions, in-kind and other revenues from three sources which represented 10% or more of its revenue in 2016 or 2015 as follows:

	<u>2016</u>	<u>2015</u>
Foundation A	12%	11%
Foundation B	-	10
Foundation C	15	-

(3) **Related party transactions**

The Utah State Bar (the Bar) donates office space, valued at \$13,020 annually, to UDR. The Bar also provides meeting facilities for UDR programs and other administrative support services to UDR. These services were valued at \$21,992 and \$26,542 in 2016 and 2015, respectively.

The Bar provides telephone, office supplies, postage, copying, printing and other services to UDR in the normal course of business. UDR reimbursed the Bar \$5,082 and \$4,992 for such services in 2016 and 2015, respectively.