

UTAH DISPUTE RESOLUTION

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

as of June 30, 2018 and 2017

UTAH DISPUTE RESOLUTION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2018 AND 2017

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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, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 we 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, 2018 and 2017, and the results of operations 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 2, 2018

**UTAH DISPUTE RESOLUTION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017**

(See Independent Auditor's Report)

ASSETS

	2018	2017
Current assets:		
Cash and equivalents	\$ 132,954	\$ 306,253
Short-term investments	199,981	-
Pledges and other receivables	709	845
Total current assets	333,644	307,098
Property and equipment, at cost		
Leasehold improvements	25,883	25,883
Computers, equipment and furniture	27,599	27,065
Total property and equipment	53,482	52,948
Less accumulated depreciation and amortization	(52,072)	(51,235)
Property and equipment, net	1,410	1,713
Total assets	\$ 335,054	\$ 308,811

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 9,925	\$ 2,827
Deferred revenue	7,692	8,742
Total current liabilities	17,617	11,569
Net assets:		
With donor restrictions	16,178	13,500
Without donor restrictions	301,259	283,742
Total net assets	317,437	297,242
Total liabilities and net assets	\$ 335,054	\$ 308,811

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

(See Independent Auditor's Report)

	2018			2017
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support and revenue:				
Program service revenues				
Seminar revenue	89,503	-	89,503	103,596
Mediation revenue	19,270	-	19,270	18,925
Administrative fees	14,116	-	14,116	14,822
Program contract revenue	32,350	-	32,350	14,533
Total Program Service Revenues	<u>155,239</u>	<u>-</u>	<u>155,239</u>	<u>151,876</u>
Grants, contributions and other				
Grants and contributions	\$ 72,816	\$ 32,000	\$ 104,816	\$ 87,427
In-kind revenue	21,061	-	21,061	22,313
Youth program grant and related revenue	40	5,000	5,040	5,539
Interest and other	305	-	305	379
Net assets released from restrictions:				
Satisfaction of program restrictions	18,322	(18,322)	-	-
Expiration of time restrictions	13,500	(13,500)	-	-
Total Grants, contributions and other	<u>126,044</u>	<u>5,178</u>	<u>131,222</u>	<u>115,658</u>
Total revenue	<u>281,283</u>	<u>5,178</u>	<u>286,461</u>	<u>267,534</u>
Expenses:				
Program service costs				
Family	115,624	-	115,624	107,581
Youth	39,879	-	39,879	25,747
Training	54,649	-	54,649	61,385
Community and Courts	37,213	-	37,213	30,722
Management and general	11,819	-	11,819	9,284
Fundraising	7,082	-	7,082	6,808
Total expenses	<u>266,266</u>	<u>-</u>	<u>266,266</u>	<u>241,527</u>
Increase in net assets	15,017	5,178	20,195	26,007
Net assets				
Beginning of year	<u>286,242</u>	<u>11,000</u>	<u>297,242</u>	<u>271,235</u>
End of year	<u>\$ 301,259</u>	<u>\$ 16,178</u>	<u>\$ 317,437</u>	<u>\$ 297,242</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

(See Independent Auditor's Report)

	Program Services			Supporting Services		2017 Total		
	Family	Youth	Training	Court and Community	Management and general		Fundraising	
Salaries and related benefits	88,353	35,733	34,694	28,218	6,551	6,551	\$ 200,100	\$ 180,214
Nonstaff services	2,386	53	401	764	-	-	3,604	5,587
Rent, occupancy and depreciation	13,106	1,835	3,918	5,183	2,603	193	26,838	25,280
Meeting facilities and costs	3,831	1,101	10,119	403	-	61	15,515	19,003
Office, publishing and technology	6,186	124	3,512	685	2,437	196	13,140	4,486
Professional services	1,726	997	1,969	1,897	219	-	6,808	6,569
Other expenses	36	36	36	63	9	81	261	388
Total expenses	\$ 115,624	\$ 39,879	\$ 54,649	\$ 37,213	\$ 11,819	\$ 7,082	\$ 266,266	\$ 241,527

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

(See Independent Auditor's Report)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from service recipients	156,289	150,418
Cash received from contributors, restricted for use and passage of time	37,000	90,480
Cash received from contributors, unrestricted	72,856	9,251
Cash paid to employees	(200,100)	(180,214)
Cash paid to suppliers	(38,912)	(36,167)
Purchase of equipment	(756)	-
Net cash provided by operating activities	<u>26,377</u>	<u>33,768</u>
Cash flows from investing activities:		
Purchase of short-term investments	(199,981)	-
Interest received	305	379
Net cash used in investing activities	<u>(199,676)</u>	<u>379</u>
Net increase (decrease) in cash and equivalents	(173,299)	34,147
Cash and equivalents		
Beginning of year	<u>306,253</u>	<u>272,106</u>
End of year	<u>\$ 132,954</u>	<u>\$ 306,253</u>

Supplemental data for noncash operating, investing and financing activities:

In-kind revenues	\$ 21,061	\$ 22,313
In-kind expenses, allocated to program services	6,235	7,965
In-kind expenses, allocated to general and administrative	14,826	14,348

See notes to financial statements

UTAH DISPUTE RESOLUTION
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2018 AND 2017

(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: Those with donor restrictions and those without donor restrictions. These categories are determined based on restrictions placed upon resources provided to UDR by donors.

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 equivalents and short-term investments- Cash and cash equivalents include cash on hand, bank demand deposit accounts and money market accounts. Certificates of deposit with initial maturities of 3 months or longer are considered short-term investments. All investments are carried at their fair value and are unrestricted.

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
Website development and graphics	3 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 are classified as those with donor restrictions or those without donor restrictions, as appropriate. Contributions without donor-imposed restrictions are reported as unrestricted support. Donor-restricted contributions those 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.

Accounting Standards Adoption - UDR adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, for its fiscal year ended June 30, 2018 retroactively. Items in the 2017 financial statements were reclassified to conform to their 2018 presentation.

Liquidity management - As part of UDR's liquidity management, it invests cash in excess of monthly requirements in cash equivalents and certificates of deposit. UDR's financial assets available within one year of the balance sheet date for general expenditures are its current assets of \$333,644.

Subsequent Events - Management has evaluated subsequent events through August 2, 2018, the date the financial statements were available to be issued.

(2) Concentrations

Financial instruments which potentially subject UDR to concentrations of credit risk consist principally of cash, cash equivalents and short-term investments. UDR maintains these financial instruments with what the Board of Trustees believes to be high credit quality financial institutions. During 2018 and 2017, UDR's cash and equivalents and short-term investments were insured within the FDIC's limits.

UDR obtained grants, contributions, in-kind and other revenues from three sources which represented 10% or more of its revenue in 2018 or 2017 as follows:

	<u>2018</u>	<u>2017</u>
Foundation A	-%	12%
Foundation B	-	10
Foundation C	10	-

(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 \$21,061 and \$22,313 in 2018 and 2017, respectively.

The Bar provides office supplies, postage, copying, printing and other services to UDR in the normal course of business. UDR reimbursed the Bar \$6,403 and \$6,202 for such services in 2018 and 2017, respectively.

UDR has contracted for website planning, development, graphics and operations for a total cost of \$14,664 with a relative of a Board member. The contract was awarded after a competitive bid process was conducted and approved by an independent committee of the Board.

(4) Net assets with donor restrictions

Net assets with donor restrictions consist of:

	<u>2018</u>	<u>2017</u>
Donations restricted by report deadline	\$ 13,500	\$ 13,500
Remaining donation restricted by use	2,678	-
Total	<u>\$ 16,178</u>	<u>\$ 13,500</u>