

UTAH DISPUTE RESOLUTION

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

as of June 30, 2012 and 2011

UTAH DISPUTE RESOLUTION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Utah Dispute Resolution

I have audited the accompanying statements of financial position of Utah Dispute Resolution (UDR) (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of UDR's management. My responsibility is to express an opinion on these 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 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. I believe that my audit provides a reasonable basis for my 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, 2012 and 2011, 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

September 10, 2012

**UTAH DISPUTE RESOLUTION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND 2011**

(See Independent Auditor's Report)

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and equivalents	\$ 195,587	\$ 198,846
Pledges and other receivables	20	20
Prepaid expenses	703	-
Total current assets	<u>196,310</u>	<u>198,866</u>
Property and equipment, at cost		
Leasehold improvements	25,883	25,883
Computers, equipment and furniture	26,960	26,960
Total property and equipment	52,843	52,843
Less accumulated depreciation and amortization	<u>(44,337)</u>	<u>(41,560)</u>
Property and equipment, net	<u>8,506</u>	<u>11,283</u>
Total assets	<u>\$ 204,816</u>	<u>\$ 210,149</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ 1,001
Deferred revenue	6,550	6,650
Total current liabilities	<u>6,550</u>	<u>7,651</u>
Net assets:		
Temporarily restricted	8,500	5,000
Unrestricted	189,766	197,498
Total net assets	<u>198,266</u>	<u>202,498</u>
Total liabilities and net assets	<u>\$ 204,816</u>	<u>\$ 210,149</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

(See Independent Auditor's Report)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Grant and contribution income	\$ 53,720	\$ 32,500	\$ 86,220	\$ 90,522
Seminar income	95,525	-	95,525	105,337
Mediation income	20,005	-	20,005	18,724
Youth program grant	5,000	-	5,000	5,000
Program contract income	-	7,950	7,950	7,870
In-kind revenue	22,444	-	22,444	34,813
Interest	545	-	545	1,318
Net assets released from program restriction	36,950	(36,950)	-	-
Total revenue	<u>234,189</u>	<u>3,500</u>	<u>237,689</u>	<u>263,584</u>
Expenses:				
Services and programs	189,379	-	189,379	178,597
General and administrative	27,241	-	27,241	25,774
Depreciation and amortization	2,777	-	2,777	3,068
Fundraising	80	-	80	-
In-kind expense	22,444	-	22,444	28,155
Total expenses	<u>241,921</u>	<u>-</u>	<u>241,921</u>	<u>235,594</u>
Increase (decrease) in net assets	(7,732)	3,500	(4,232)	27,990
Net assets:				
Beginning of year	197,498	5,000	202,498	174,508
End of year	<u>\$ 189,766</u>	<u>\$ 8,500</u>	<u>\$ 198,266</u>	<u>\$ 202,498</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

(See Independent Auditor's Report)

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
Cash flows from operating activities:				
Increase (decrease) in net assets	\$ (7,732)	\$ 3,500	\$ (4,232)	\$ 27,990
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by (used in) operating activities				
Depreciation and amortization	2,777	-	2,777	3,068
In-kind donations (net)	-	-	-	(6,885)
Restrictions on net assets	3,500	(3,500)	-	-
Change in pledges and other receivables	-	-	-	800
Change in prepaid expenses	(703)	-	(703)	-
Change in accounts payable	(1,001)	-	(1,001)	(133)
Change in deferred revenue	(100)	-	(100)	5,650
Total adjustments	4,473	(3,500)	973	2,500
Net cash provided by (used in) operating activities	(3,259)	-	(3,259)	30,490
Cash flows from investing activities:				
Purchase of equipment	-	-	-	(4,852)
Sale (purchase) of certificates of deposit	-	-	-	100,915
Net cash provided by investing activities	-	-	-	96,063
Net decrease in cash and equivalents	(3,259)	-	(3,259)	126,553
Cash and equivalents				
Beginning of year	198,846	-	198,846	72,293
End of year	<u>\$ 195,587</u>	<u>-</u>	<u>\$ 195,587</u>	<u>\$ 198,846</u>
<u>Cash paid during the year for:</u>				
Interest	\$ -	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -	\$ -

See notes to financial statements

UTAH DISPUTE RESOLUTION
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2012 AND 2011

(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 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 and 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 seminars 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 consisted of donated rent, supplies, software and support services valued at \$22,444 in 2012 and \$34,813 in 2011. In-kind expenses consisted of donated rent, supplies and support services valued at \$22,444 in 2012 and \$28,155 in 2011. Donated software valued at \$6,658 was capitalized in 2011.

(1) Summary of significant accounting policies - Continued

Income tax Status- On July 8, 1996, UDR incorporated as a 501(c)(3) organization and has received a determination letter from the Internal Revenue Service exempting UDR from federal income taxes. UDR is liable for taxes on unrelated business income. To date, UDR has not generated such income.

(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 and other revenues from two sources which represented 10% or more of its revenue in 2012 or 2011, as follows:

	<u>2012</u>	<u>2011</u>
Foundation A	11%	0%
Foundation B	10	11

(3) Related party transactions

Office space valued at \$13,020 annually was provided to UDR by the Utah State Bar (the Bar) at no cost in 2012 and 2011. The Bar also provided meeting facilities, accounting and other services to UDR valued in in-kind revenue and expense at \$9,424 in 2012 and \$15,135 in 2011.

The Bar provides UDR for telephone, office supplies, postage, copying, printing, meeting facilities and other services in the normal course of business. UDR reimbursed the Bar \$7,112 and \$6,678 for such services in 2012 and 2011, respectively.