

UTAH DISPUTE RESOLUTION

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

as of June 30, 2014 and 2013

UTAH DISPUTE RESOLUTION
FINANCIAL STATEMENTS
AS OF JUNE 30, 2014 AND 2013

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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 (UDR) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 our 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, 2014 and 2013, 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 5, 2014

Salt Lake City, Utah

**UTAH DISPUTE RESOLUTION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013**

(See Independent Auditor's Report)

ASSETS

	2014	2013
Current assets:		
Cash and equivalents	\$ 186,248	\$ 191,815
Pledges and other receivables	5,210	25
Prepaid expenses	-	39
Total current assets	191,458	191,879
Property and equipment, at cost		
Leasehold improvements	25,883	25,883
Computers, equipment and furniture	26,178	29,800
Total property and equipment	52,061	55,683
Less accumulated depreciation and amortization	(44,442)	(47,180)
Property and equipment, net	7,619	8,503
Total assets	\$ 199,077	\$ 200,382

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 319	\$ -
Deferred revenue	3,400	2,750
Total current liabilities	3,719	2,750
Net assets:		
Temporarily restricted	15,000	15,000
Unrestricted	180,358	182,632
Total net assets	195,358	197,632
Total liabilities and net assets	\$ 199,077	\$ 200,382

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

(See Independent Auditor's Report)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Grant and contribution income	\$ 69,750	\$ 10,000	\$ 79,750	\$ 92,872
Seminar income	91,708	-	91,708	93,934
Mediation income	25,115	-	25,115	22,225
Youth program grant	-	5,000	5,000	5,000
Program contract income	9,800	-	9,800	9,550
In-kind revenue	25,916	-	25,916	29,121
Interest	333	-	333	365
Net assets released from program restriction	15,000	(15,000)	-	-
Total revenue	<u>237,622</u>	<u>-</u>	<u>237,622</u>	<u>253,067</u>
Expenses:				
Program service costs				
Compensation costs	174,899	-	174,899	184,767
Other program service costs	14,571	-	14,571	16,328
General and administrative	20,820	-	20,820	21,142
Depreciation and amortization	3,690	-	3,690	2,843
Fundraising	-	-	-	-
In-kind expense	25,916	-	25,916	28,621
Total expenses	<u>239,896</u>	<u>-</u>	<u>239,896</u>	<u>253,701</u>
Decrease in net assets	(2,274)	-	(2,274)	(634)
Net assets				
Beginning of year	<u>182,632</u>	<u>15,000</u>	<u>197,632</u>	<u>198,266</u>
End of year	<u>\$ 180,358</u>	<u>\$ 15,000</u>	<u>\$ 195,358</u>	<u>\$ 197,632</u>

See notes to financial statements

**UTAH DISPUTE RESOLUTION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

(See Independent Auditor's Report)

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
Cash flows from operating activities:				
Decrease in net assets	\$ (2,274)	\$ -	\$ (2,274)	\$ (634)
Adjustments to reconcile deficit of revenue over expenses to net cash used in operating activities				
Depreciation and amortization	3,690	-	3,690	2,843
In-kind donations (net)	-	-	-	(500)
Restrictions on net assets	-	-	-	-
Change in pledges and other receivables	(5,185)	-	(5,185)	(5)
Change in prepaid expenses	39	-	39	664
Change in accounts payable	319	-	319	-
Change in deferred revenue	650	-	650	(3,800)
Total adjustments	(487)	-	(487)	(798)
Net cash used in operating activities	(2,761)	-	(2,761)	(1,432)
Cash flows from investing activities:				
Purchase of equipment	(2,806)	-	(2,806)	(2,340)
Net cash used in investing activities	(2,806)	-	(2,806)	(2,340)
Net decrease in cash and equivalents	(5,567)	-	(5,567)	(3,772)
Cash and equivalents				
Beginning of year	191,815	-	191,815	195,587
End of year	\$ 186,248	\$ -	\$ 186,248	\$ 191,815
<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, 2014 AND 2013

(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 consisted of donated rent, supplies, furniture, software and support services valued at \$25,916 in 2014 and \$29,121 in 2013. In-kind expenses consisted of donated rent, supplies and support services valued at \$25,916 in 2014 and \$28,621 in 2013. Donated furniture valued at \$500 was capitalized in 2013.

(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, contributions, in-kind and other revenues from two sources which represented 10% or more of its revenue in 2014 or 2013, as follows:

	<u>2014</u>	<u>2013</u>
Foundation A	11%	13%
Foundation B	11	10

(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 2014 and 2013. The Bar also provided meeting facilities, accounting and other services to UDR valued in in-kind revenue and expense at \$12,896 in 2014 and \$15,601 in 2013.

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 \$3,941 and \$7,804 for such services in 2014 and 2013, respectively.