

CUMBERLAND REGION TOMORROW

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

CUMBERLAND REGION TOMORROW

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Independent Auditor's Report

To the Board of Directors
Cumberland Region Tomorrow
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Cumberland Region Tomorrow (the Organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 these 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

(Auditor's report continued on next page)

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs
Nashville, Tennessee
November 25, 2019

**Cumberland Region Tomorrow
Statement of Financial Position
December 31, 2018**

Assets

Cash	\$ 182,881
Prepaid insurance	1,122
Equipment, net	<u>272</u>
Total Assets	<u>\$ 184,275</u>

Liabilities and Net Assets

Accounts payable	\$ 525
Credit cards payable	<u>1,011</u>
Total Liabilities	<u>1,536</u>

Net Assets

Without donor restrictions	<u>182,739</u>
Total Net Assets	<u>182,739</u>

Total Liabilities and Net Assets	<u>\$ 184,275</u>
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See independent auditor's report and accompanying notes to the financial statements.

Cumberland Region Tomorrow
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions and grants	\$ 226,971	\$ -	\$ 226,971
Gifts in-kind	12,444	-	12,444
Interest and other income	256	-	256
Net assets released from restriction	-	-	-
Total Revenues and Support	<u>239,671</u>	<u>-</u>	<u>239,671</u>
Expenses			
Program services	124,911	-	124,911
General and administrative	43,914	-	43,914
Fundraising	10,401	-	10,401
Total Expenses	<u>179,226</u>	<u>-</u>	<u>179,226</u>
Change in Net Assets	60,445	-	60,445
Net Assets - Beginning of Year	<u>122,294</u>	<u>-</u>	<u>122,294</u>
Net Assets - End of Year	<u><u>\$ 182,739</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 182,739</u></u>

See independent auditor's report and accompanying notes to the financial statements.

**Cumberland Region Tomorrow
Statement of Cash Flows
For the Year Ended December 31, 2018**

Cash Flows from Operating Activities

Change in net assets	\$ 60,445
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**Adjustments to Reconcile Change in Net Assets
to Net Cash Provided by Operating Activities**

Depreciation	545
(Increase) decrease in accounts receivable and prepaid expenses	30,033
Increase (decrease) in accounts payable and other liabilities	(5,292)

Net Cash Provided by Operating Activities	<u>85,731</u>
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Net Change in Cash	85,731
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Cash - Beginning of Year	<u>97,150</u>
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Cash - End of Year	<u><u>\$ 182,881</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

**Cumberland Region Tomorrow
Statement of Functional Expenses
For the Year Ended December 31, 2018**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Consulting	\$ 57,219	\$ 29,468	\$ 6,979	\$ 93,666
Regional summit	45,566	-	-	45,566
Professional services	7,782	4,666	1,105	13,553
Support services	10,663	7,643	1,811	20,117
Travel and training	3,392	1,930	457	5,779
Depreciation	289	207	49	545
Total Functional Expenses	<u><u>\$ 124,911</u></u>	<u><u>\$ 43,914</u></u>	<u><u>\$ 10,401</u></u>	<u><u>\$ 179,226</u></u>

See independent auditor's report and accompanying notes to the financial statements.

CUMBERLAND REGION TOMORROW

Notes to the Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Cumberland Region Tomorrow (the Organization) is a Tennessee not-for-profit corporation founded in 2000. The Organization was founded to support and encourage growth planning and implementation with emphasis in land use, transportation planning, along with preservation of open space and the distinctive character of the region's communities. The Organization seeks to bring together diverse interests; enhance the quality of decision making through education, research, and discussion; foster regional thinking and planning; and encourage citizens to become involved in growth planning for the future of the region.

Basis of Accounting

The Organization maintains its records and prepares its financial statements using the accrual method of accounting. All income is recorded when earned rather than received and all expenses are recorded when incurred rather than disbursed. These policies are in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of the balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to two classes of net assets (net assets with and without donor restrictions) based on the existence or absence of donor-imposed restrictions.

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization had no donor restricted contributions or net assets at December 31, 2018.

Measure of Operations

The Statement of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities, contributions, event income and rental income. Non-operating activities are limited to resources that generate return from investments, donor-restricted contributions, net assets released for capital expenditures, and other activities considered to be of a more unusual or non-recurring nature.

There were no non-operating activities for the year ended December 31, 2018.

Program and Supporting Services – Functional Allocation

The following program and supporting services are included in the accompanying financial statements:

Program services - include activities carried out to fulfill the Organization's mission, resulting in services to encourage growth planning and implementation with emphasis in land use, transportation planning, along with preservation of open space and the distinctive character of the region's communities.

Supporting services - Management and General - relate to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include Organization oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting services - Fundraising and Special Events - include cost of activities directed toward appeals for financial support, including special event costs including food, space rental, entertainment, communication, waitstaff, etc. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Classifications of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Direct expenses, incurred for a single function, are allocated entirely to that function. Expenses applicable to more than one function, are allocated on the basis of time and effort, square footage or headcount. Personnel related expense, travel, meetings and conferences are allocated based on time and effort. Professional fees, supplies, telephone and postage are allocated on headcount, while occupancy, insurance and depreciation are allocated based on square footage.

In-Kind Contributions

Donated facilities and materials are recorded as gifts in the period received at fair value, if there is an objective and measurable basis for determining such value.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method based on the following estimated useful lives of the assets:

Computer equipment	5 years
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Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1).

The Organization follows the guidance in Accounting Standard Codification (ASC) 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. Therefore management believes that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years (2016 – 2018). The Organization identifies its major tax jurisdiction's as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor

has the Organization been contacted by any of these jurisdictions. The Organization is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change in the next twelve months. The Organization incurred no interest or penalties during the year ended December 31, 2018.

Credit Risk

The Company maintains cash balances at federally insured financial institutions that may exceed the \$250,000 FDIC insured limit.

NOTE 2 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization has \$182,881 of financial assets consisting of cash that is available to meet cash needs for general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 4 - GIFTS IN-KIND

The Organization utilizes 622 square feet of office space at no cost to the Organization. Management estimated the fair market value of this space to be \$12,444 and has recorded it as in-kind revenue and rent expense on the Statement of Activities and Changes in Net Assets.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Organization has consulting and mileage reimbursement expenses with a relative of a board member of \$8,891.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 25, 2019, the date that the financial statements were available to be issued.

NOTE 7 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, I, which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4, *Revenue from Contracts with Customers* (Topic 606) – Deferral of Effective Date, which deferred the effective date for one year. Accordingly, this ASU will be effective for the Organization for the year ending December 31, 2019. The Organization is currently evaluating the effect the provisions of ASU 2014-09 will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), which requires lessees to recognize assets and liabilities for most leases. The recognition measurement, and presentation of expenses and cash flows arising from a lease by a lessee is not expected to significantly change under such guidance. The standard as amended, will be effective for annual reporting periods beginning after December 15, 2020. Accordingly, this ASU will be effective for the Organization for the year ending December 31, 2021. The Organization is currently evaluating the impact that adoption of the ASU will have on the Organization's financial position and results of operations.