

**FRIENDS IN GENERAL, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2006 and 2005**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Friends in General, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Friends in General, Inc. (a non-profit organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends in General, Inc. as of June 30, 2006 and 2005, 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.

*Frasier, Dean & Howard, PLLC*

August 28, 2006

**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 88,538	\$ 122,002
Contribution receivable	<u>-</u>	<u>19,072</u>
Total assets	<u>\$ 88,538</u>	<u>\$ 141,074</u>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Grants payable	<u>\$ 2,785</u>	<u>\$ 55,006</u>
Total liabilities	<u>2,785</u>	<u>55,006</u>
Net assets:		
Unrestricted	85,753	66,996
Temporarily restricted	<u>-</u>	<u>19,072</u>
Total net assets	<u>85,753</u>	<u>86,068</u>
Total liabilities and net assets	<u>\$ 88,538</u>	<u>\$ 141,074</u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 57,712	\$ -	\$ 57,712
United Way contributions	-	-	-
In-kind donations	33,142	-	33,142
Interest income	2,342	-	2,342
Net assets released from timing restrictions	<u>19,072</u>	<u>(19,072)</u>	<u>-</u>
Total revenue	<u>112,268</u>	<u>(19,072)</u>	<u>93,196</u>
Expenses:			
Program services	72,772	-	72,772
Management and general	20,522	-	20,522
Fundraising costs	<u>217</u>	<u>-</u>	<u>217</u>
Total expenses	<u>93,511</u>	<u>-</u>	<u>93,511</u>
Change in net assets	18,757	(19,072)	(315)
Net assets, beginning of year	<u>66,996</u>	<u>19,072</u>	<u>86,068</u>
Net assets, end of year	<u><u>\$ 85,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 85,753</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 91,215	\$ 19,072	\$ 110,287
United Way contributions	196	-	196
In-kind donations	14,759	-	14,759
Interest income	1,060	-	1,060
Net assets released from timing restrictions	<u>20,500</u>	<u>(20,500)</u>	<u>-</u>
Total revenue	<u>127,730</u>	<u>(1,428)</u>	<u>126,302</u>
Expenses:			
Program services	86,002	-	86,002
Management and general	20,188	-	20,188
Fundraising costs	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>106,190</u>	<u>-</u>	<u>106,190</u>
Change in net assets	21,540	(1,428)	20,112
Net assets, beginning of year	<u>45,456</u>	<u>20,500</u>	<u>65,956</u>
Net assets, end of year	<u><u>\$ 66,996</u></u>	<u><u>\$ 19,072</u></u>	<u><u>\$ 86,068</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2006**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Mammograms in May grants	\$ 33,500	\$ -	\$ -	\$ 33,500
Other grant expenses	20,272	-	-	20,272
Licenses and dues	175	220	217	612
Postage	-	135	-	135
Staff education	-	262	-	262
Salaries (In-kind)	-	14,317	-	14,317
Property & Equipment donations (in-kind)	18,825	-	-	18,825
Professional fees	-	3,750	-	3,750
Miscellaneous	-	1,838	-	1,838
	<u>\$ 72,772</u>	<u>\$ 20,522</u>	<u>\$ 217</u>	<u>\$ 93,511</u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2005

	Program Services	Management and General	Fundraising	Total
Mammograms in May grants	\$ 13,000	\$ -	\$ -	\$ 13,000
Health in General newsletter	11,787	-	-	11,787
Other grant expenses	61,165	-	-	61,165
Licenses and dues	50	190	-	240
Postage	-	201	-	201
Staff education	-	177	-	177
Professional fees	-	3,900	-	3,900
Salaries (In-kind)	-	14,759	-	14,759
Miscellaneous	-	961	-	961
	<u>\$ 86,002</u>	<u>\$ 20,188</u>	<u>\$ -</u>	<u>\$ 106,190</u>

See accompanying notes.



**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ (315)	\$ 20,112
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Contribution receivable	19,072	1,428
Grants payable	<u>(52,221)</u>	<u>30,756</u>
Net cash provided (used) by operating activities	<u>(33,464)</u>	<u>52,296</u>
Net increase (decrease) in cash and cash equivalents	(33,464)	52,296
Cash and cash equivalents, beginning of year	<u>122,002</u>	<u>69,706</u>
Cash and cash equivalents, end of year	<u><u>\$ 88,538</u></u>	<u><u>\$ 122,002</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006 and 2005**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

Friends in General, Inc. ("Friends") was established in 1977 as a Tennessee nonprofit corporation to provide resources to support various programs of Nashville General Hospital at Meharry.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of Friends and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor – imposed stipulations that they be maintained permanently. Friends currently has no permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Friends considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Contributions**

Contributions are recognized when the donor makes a promise to give to Friends that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Friends use the allowance method to determine uncollectible unconditional promises to give.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2006 and 2005**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Donated Goods and Services**

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Friends receives executive director and other administrative services from employees of Nashville General Hospital at Meharry. The value of such services of \$14,317 and \$14,759 for 2006 and 2005, respectively, is recorded as an in-kind donation. The value of donated goods of \$18,825 for 2006 is also recorded as an in-kind donation.

Additionally, Friends receives a significant amount of contributed time from unpaid members and volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.

**Federal Income Taxes**

No provision for Federal income taxes is made in the accompanying financial statements, as Friends is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

Expenses have been allocated between program, management and general and fundraising based on estimates made by management.

**Reclassifications**

Certain reclassifications have been made in order to conform to 2006 presentation.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2006 and 2005**

**NOTE 2 – GRANTS PAYABLE**

Friend's primary function is to provide funds to Nashville General Hospital at Meharry (NGHM). NGHM is a publicly supported, academically affiliated community-based hospital committed to providing excellent healthcare regardless of age, race, creed, gender, sexual preference or ability to pay. Contributions are primarily made to support NGHM's programs which have included free mammograms to low-income women as well as other healthcare related services such as special machines from which patients can get certain prescriptions filled. Unconditional promises to give have been recorded as a liability in Friend's statements of financial position for amounts promised to give to NGHM at June 30, 2006 and 2005.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30:

	<u>2006</u>	<u>2005</u>
Accudose Grant	\$ -	\$ 18,072
Spitzer legacy fund	<u>-</u>	<u>1,000</u>
	<u>\$ -</u>	<u>\$ 19,072</u>

**NOTE 4 – CONCENTRATIONS**

Friends currently receives substantially all support from four major donors. A decrease in the level of support from those donors, if this were to occur, would have a significant impact on the Organization's ability to fund its programs.

Friends intends to increase fundraising efforts and its variety of contributors by applying for additional grants and soliciting donor support.