

**FRIENDS IN GENERAL, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2005 and 2004**

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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, 2005 and 2004, 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, 2005 and 2004, 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*

October 3, 2005

**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 122,002	\$ 69,706
Contribution receivable	<u>19,072</u>	<u>20,500</u>
Total assets	<u><u>\$ 141,074</u></u>	<u><u>\$ 90,206</u></u>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Grants payable	<u>\$ 55,006</u>	<u>\$ 24,250</u>
Total liabilities	<u>55,006</u>	<u>24,250</u>
Net assets:		
Unrestricted	66,996	45,456
Temporarily restricted	<u>19,072</u>	<u>20,500</u>
Total net assets	<u>86,068</u>	<u>65,956</u>
Total liabilities and net assets	<u><u>\$ 141,074</u></u>	<u><u>\$ 90,206</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	\$ 89,342	\$ 19,072	\$ 108,414
United Way contributions	196	-	196
In-kind donations	14,759	-	14,759
Silent auction proceeds	1,873	-	1,873
Interest income	1,060	-	1,060
Net assets released from timing restrictions	20,500	(20,500)	-
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	-	-	-
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 ACTIVITIES**  
**Year ended June 30, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 63,893	\$ 20,500	\$ 84,393
United Way contributions	2,408	-	2,408
In-kind donations	11,946	-	11,946
Interest income	665	-	665
	<u>78,912</u>	<u>20,500</u>	<u>99,412</u>
Total revenue			
Expenses:			
Program services	70,655	-	70,655
Management and general	10,246	-	10,246
Fundraising costs	2,000	-	2,000
	<u>82,901</u>	<u>-</u>	<u>82,901</u>
Total expenses			
Change in net assets	(3,989)	20,500	16,511
Net assets, beginning of year	49,445	-	49,445
	<u>49,445</u>	<u>-</u>	<u>49,445</u>
Net assets, end of year	<u>\$ 45,456</u>	<u>\$ 20,500</u>	<u>\$ 65,956</u>

See accompanying notes.

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

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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
Advertising (In-kind)	-	-	-	-
Professional fees	-	3,900	-	3,900
Salaries	-	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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2004**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Mammograms in May grants	\$ 58,000	\$ -	\$ -	\$ 58,000
Health in General newsletter	12,500	-	-	12,500
Licenses and dues	50	120	-	170
Postage	-	180	-	180
Staff education	105	-	-	105
Salaries	-	9,946	-	9,946
Advertising (In-kind)	-	-	2,000	2,000
	<u>\$ 70,655</u>	<u>\$ 10,246</u>	<u>\$ 2,000</u>	<u>\$ 82,901</u>

See accompanying notes.



**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Change in net assets	\$ 20,112	\$ 16,511
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Contribution receivable	1,428	(20,500)
Grants payable	<u>30,756</u>	<u>24,250</u>
Net cash provided by operating activities	<u>52,296</u>	<u>20,261</u>
Net increase in cash and cash equivalents	52,296	20,261
Cash and cash equivalents, beginning of year	<u>69,706</u>	<u>49,445</u>
Cash and cash equivalents, end of year	<u><u>\$ 122,002</u></u>	<u><u>\$ 69,706</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

**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. At June 30, 2005 management considers all contributions receivable to be fully collectible.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

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

**Donated Goods and Services**

Friends received in-kind contributions of advertising primarily related to fundraising efforts in the amount of \$0 and \$2,000 for the years ended June 30, 2005 and 2004, respectively.

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 \$14,759 and \$9,946 for 2005 and 2004, respectively is 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 2005 presentation.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005 and 2004**

**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, 2005 and 2004.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2005</u>	<u>2004</u>
Mammograms in May	\$ -	\$ 8,000
Health in General newsletter	-	12,500
Accudose Grant	18,072	-
Spitzer legacy fund	<u>1,000</u>	<u>-</u>
	<u>\$ 19,072</u>	<u>\$ 20,500</u>

**NOTE 4 – CONCENTRATIONS**

Friends currently receives substantially all support from three 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.