

CUMBERLAND REGION TOMORROW
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

CUMBERLAND REGION TOMORROW

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Independent Auditor's Report

To the Board of Directors
Cumberland Region Tomorrow
Nashville, Tennessee

We have audited the accompanying financial statements of Cumberland Region Tomorrow, which comprise the statements of financial position as of December 31, 2012 and 2011, 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

Cumberland Region Tomorrow's 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 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 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 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.



To the Board of Directors
Cumberland Region Tomorrow

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cumberland Region Tomorrow, as of December 31, 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.

Crosslin + Associates, P.C.

February 19, 2013
Nashville, Tennessee

CUMBERLAND REGION TOMORROW
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2012	2011
Cash	\$ 165,145	\$ 173,055
Contributions and grants receivable (Note B)	3,872	188,449
Prepaid insurance	284	284
Equipment, net (Note C)	1,666	2,666
	<u>170,967</u>	<u>364,454</u>
Total assets	<u>\$ 170,967</u>	<u>\$ 364,454</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 5,463	\$ 5,059
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NET ASSETS

Unrestricted	11,384	47,636
Temporarily Restricted (Note E)	154,120	311,759
	<u>165,504</u>	<u>359,395</u>
Total net assets	<u>165,504</u>	<u>359,395</u>
	<u>\$ 170,967</u>	<u>\$ 364,454</u>
Total liabilities and net assets	<u>\$ 170,967</u>	<u>\$ 364,454</u>

See notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2012		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions and grants	\$ 103,644	\$ 1,450	\$ 105,094
Interest and other income	273	-	273
Net assets released from restrictions	159,089	(159,089)	-
Total support and revenue	263,006	(157,639)	105,367
Expenses:			
Program services:			
Quality Growth Tool Box	29,307	-	29,307
Regional Communications and Outreach	29,307	-	29,307
POWER OF TEN Regional Summit	29,307	-	29,307
Rural Issues	29,307	-	29,307
Tennessee Regions' Roundtable	99,307	-	99,307
Total program services	216,535	-	216,535
Supporting services:			
Administrative expenses	82,723	-	82,723
Total expenses	299,258	-	299,258
Net (decrease) increase in net assets	(36,252)	(157,639)	(193,891)
Net assets at beginning of year	47,636	311,759	359,395
Net assets at end of year	\$ 11,384	\$ 154,120	\$ 165,504

Year Ended December 31, 2011		
Unrestricted	Temporarily Restricted	Total
\$ 135,295	\$ 301,500	\$ 436,795
150	-	150
56,707	(56,707)	-
<u>192,152</u>	<u>244,793</u>	<u>436,945</u>
31,724	-	31,724
47,586	-	47,586
79,308	-	79,308
-	-	-
-	-	-
<u>158,618</u>	<u>-</u>	<u>158,618</u>
84,050	-	84,050
<u>242,668</u>	<u>-</u>	<u>242,668</u>
(50,516)	244,793	194,277
<u>98,152</u>	<u>66,966</u>	<u>165,118</u>
<u>\$ 47,636</u>	<u>\$ 311,759</u>	<u>\$ 359,395</u>

See notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2012	2011
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (193,891)	\$ 194,277
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,000	1,118
Loss on disposal of equipment	-	852
Direct write-off of uncollectible contributions and grants receivable	1,000	345
Decrease (increase) in contributions and grants receivable	183,577	(121,206)
Increase in accounts payable and accrued liabilities	404	1,201
Net cash (used in) provided by operating activities	(7,910)	76,587
Cash flows from investing activities		
Purchases of equipment	-	(1,549)
Net cash used in investing activities	-	(1,549)
Net (decrease) increase in cash	(7,910)	75,038
Cash, beginning of year	173,055	98,017
Cash, end of year	\$ 165,145	\$ 173,055

See notes to financial statements.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cumberland Region Tomorrow (“CRT”) is a private sector non-profit organization founded in 2000, working with the Greater Nashville Regional Council and others in the public and private sectors. CRT’s goal is to support and encourage growth planning with emphasis in land use, transportation planning, preservation of open space and the distinctive character of the region’s communities. CRT 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. CRT is supported primarily through donor contributions.

In 2012, CRT continued its work to advance the region through three synergistic areas of focus. In support of their efforts toward successful Regionalism and Collaborative Action, CRT brought together diverse regional leaders at the 2012 Convening the Region Summit and created new Outreach, Education and Regional Communications efforts through its POWER OF TEN brand and regional communications platform that compliments current CRT and new Tennessee Regions’ Roundtable offerings. In support of the Middle Tennessee regional issue of Land Use and Quality Growth, CRT continued to enhance the quality of decision making, along with regional and local comprehensive planning through its’ Quality Growth Toolbox education, tools and technical assistance program efforts and organized a new state-wide Tennessee Regions’ Roundtable Network through Surdna Foundation grant funding that is creating new leadership, resources and incentives for use in Middle Tennessee and across four other Tennessee Partner regions in support of successful implementation.

Accrual Basis and Financial Statement Presentation

CRT has presented its financial statements on the accrual basis of accounting.

CRT classifies its support, revenue, expenses, gains and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of CRT and changes therein are classified 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 CRT and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations require that the assets be maintained permanently by CRT. Generally, the donors of these assets permit CRT to use all or part of the income earned on related investments for general or specific purposes.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. There were no permanently restricted net assets at December 31, 2012 and 2011.

Contributions

CRT reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions Receivable

Contributions receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year. Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the pledge is received.

Equipment

Equipment is stated in the accompanying statements of financial position at cost, or if contributed, at fair market value at the date of the gift. Depreciation is calculated using the straight-line basis over the estimated useful life of the various assets, ranging from 3 to 5 years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the financial statements and disclosures. The most significant area includes the collectibility of contributions and grants receivable. Accordingly, actual results could differ from those estimates.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

CRT's financial instruments consist of contributions and grants receivable, accounts payable and accrued expenses and approximate their fair values based on their short-term nature.

Income Taxes

Cumberland Region Tomorrow is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for taxes has been made in the financial statements.

CRT accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for CRT include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, CRT has determined that such tax positions do not result in an uncertainty requiring recognition.

Donated Services

A number of unpaid volunteers have made contributions of their time to assist Cumberland Region Tomorrow. The total value of time contributed by these volunteers for specialized services, for the years ended December 31, 2012 and 2011, was approximately \$0 and \$13,700, respectively. The amount was calculated based upon fair market values.

For 2012 and 2011, Cumberland Region Tomorrow used office space donated by members of the Board of Directors. The fair value of donated rent is \$6,443 and \$6,097 for 2012 and 2011, respectively, and has been included in contribution revenue and general and administrative expense in the statements of activities.

B. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at December 31, 2012 and 2011, totaled \$3,872 and \$188,449, respectively. The outstanding balance at December 31, 2012, is expected to be collected through 2015. Management did not consider an allowance for uncollectible contributions receivable necessary at December 31, 2012 or 2011. During 2012 and 2011, \$1,000 and \$345, respectively, of contributions and grants receivable were written-off as uncollectible. There were no conditional promises to give as of December 31, 2012 on 2011.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

C. EQUIPMENT

Equipment at December 31, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 8,282	\$ 8,282
Less accumulated depreciation	<u>(6,616)</u>	<u>(5,616)</u>
Equipment, net	<u>\$ 1,666</u>	<u>\$ 2,666</u>

Depreciation expense for the years ended December 31, 2012 and 2011, was \$1,000 and \$1,118, respectively.

D. GRANT

During September 2011, CRT was awarded a grant totaling \$300,000 to be used in 2012 and 2013. The grant funds are to be distributed over the two-year project period and shared equally between CRT and four other designated lead regional organizations. The purpose of the grant is to support the launch of a statewide Roundtable Network comprised of five regional organizations focusing on advancing conversations to incorporate livability and equitable development principles into the regional and statewide planning processes.

E. NET ASSETS AND NET ASSETS RELEASED FROM DONOR
RESTRICTIONS

Temporarily restricted net assets at December 31, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Contributions for operations in future periods	<u>\$154,120</u>	<u>\$311,759</u>

Net assets of \$159,089 in 2012 and \$56,707 in 2011 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time restriction.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

F. CONCENTRATIONS OF RISK

Cash Balances

Cumberland Region Tomorrow maintains its cash in financial institutions at balances, which at times, may exceed federally insured limits. Cumberland Region Tomorrow has not experienced any losses in such accounts and believes it is not exposed to any significant concentration risk on cash.

Contributions from Major Donors

For the year ended December 31, 2012, contributions from three major donors comprised approximately 52% of CRT's total support and revenue.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 19, 2013, which is the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.