

Audited Financial Statements

**Tennessee Conference on Social Welfare**

June 30, 2005

**TENNESSEE CONFERENCE ON SOCIAL WELFARE****Audited Financial Statements****June 30, 2005****Table of Contents**

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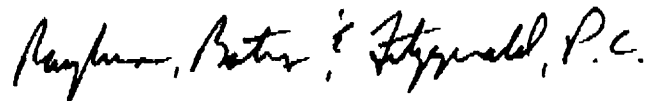
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www.rbfcpa.comIndependent Auditors' Report

The Board of Directors  
Tennessee Conference on Social Welfare  
Nashville, Tennessee

We have audited the accompanying statement of financial position of the Tennessee Conference on Social Welfare (a nonprofit organization) as of June 30, 2005 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Conference's management. 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 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 audit provides 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 the Tennessee Conference on Social Welfare as of June 30, 2005 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



July 27, 2005

**TENNESSEE CONFERENCE ON SOCIAL WELFARE****Statement of Financial Position****June 30, 2005****Assets**

Cash	\$51,989
Prepaid expenses	3,819
Other assets	482
Equipment (net of accumulated depreciation of \$10,304)	<u>6,889</u>
Total assets	<u>\$63,179</u>

**Liabilities**

Accrued expenses	\$ 2,471
Lease obligation (note 2)	5,404
Deferred income from prepaid memberships	<u>250</u>
Total liabilities	<u>8,125</u>

**Net Assets**

Unrestricted	<u>55,054</u>
Total liabilities and net assets	<u>\$63,179</u>

See accompanying notes to financial statements.

# TENNESSEE CONFERENCE ON SOCIAL WELFARE

## Statement of Activities

For the Year Ended June 30, 2005

	Unrestricted <u>Net Assets</u>
<u>Public Support and Revenue</u>	
Interest income	\$ 51
Membership dues - organizations	50,035
Membership dues - individuals	18,875
Contributions	8,505
Social services competency based training	390
Spring conference	79,163
Regional support	3,000
Regional conferences	30,273
Miscellaneous	<u>1,475</u>
Total support and revenue	<u>191,767</u>
<u>Expenses</u>	
Program services:	
Training conferences	107,876
Communications	42,900
Research, study and planning	17,931
Legislative action	<u>1,153</u>
Total program services	<u>169,860</u>
Supporting services:	
Management and general	9,799
Fundraising	<u>8,484</u>
Total supporting services	<u>18,283</u>
Total expenses	<u>188,143</u>
Net increase in net assets	3,624
Net assets at beginning of year	<u>51,430</u>
Net assets at end of year	<u>\$ 55,054</u>

See accompanying notes to financial statements.

## TENNESSEE CONFERENCE ON SOCIAL WELFARE

## Statement of Functional Expenses

For the Year Ended June 30, 2005

	Program Services				Supporting Services		Total Expenses
	Training Conferences	Communications	Research, Study and Planning	Legislative Action	Management and General	Fund Raising	
Salaries, benefits and payroll taxes	\$ 40,673	30,178	12,116	416	8,583	6,941	98,907
Professional services	3,391	959	364	12	-	-	4,726
Office supplies	3,110	692	169	2	21	-	3,994
Telephone	908	516	186	6	5	26	1,647
Postage	3,117	1,826	392	3	73	529	5,940
Rent	3,713	3,079	1,168	40	-	-	8,000
Equipment rental and maintenance	1,562	1,159	465	16	330	267	3,799
Printing and publications	9,006	1,756	1,860	4	-	274	12,900
Travel	2,449	115	193	70	276	3	3,106
Conferences and special events	34,649	91	-	-	-	-	34,740
Insurance and fees	1,469	197	74	3	-	-	1,743
Staff development	50	18	7	-	-	-	75
Memberships	99	27	23	1	-	-	150
Depreciation	1,064	813	310	11	172	177	2,547
Interest expense	207	65	47	-	52	35	406
Miscellaneous	<u>2,409</u>	<u>1,409</u>	<u>557</u>	<u>569</u>	<u>287</u>	<u>232</u>	<u>5,463</u>
Total expenses	<u>\$107,876</u>	<u>42,900</u>	<u>17,931</u>	<u>1,153</u>	<u>9,799</u>	<u>8,484</u>	<u>188,143</u>

**TENNESSEE CONFERENCE ON SOCIAL WELFARE****Statement of Cash Flows****For the Year Ended June 30, 2005**

Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 3,624
Adjustments to reconcile increase in unrestricted net assets to net cash used by operations:	
Depreciation	2,546
Increase in prepaid expenses	(789)
Decrease in accounts payable	(795)
Decrease in accrued expenses	(923)
Decrease in deferred income	<u>(3,855)</u>
Net cash used by operating activities	<u>(192)</u>
Cash flows from investing activities:	
Outlays for other assets	<u>(482)</u>
Net cash used by investing activities	<u>(482)</u>
Cash flows from financing activities:	
Payments on lease obligations	<u>(1,533)</u>
Net cash used by financing activities	<u>(1,533)</u>
Net decrease in cash	(2,207)
Cash at beginning of the year	<u>54,196</u>
Cash at end of the year	<u>\$51,989</u>

See accompanying notes to financial statements.

**TENNESSEE CONFERENCE ON SOCIAL WELFARE****Notes to Financial Statements****June 30, 2005****(1) Summary of Significant Accounting Policies:**

The financial statements include the accounts of the main office located in Nashville, Tennessee and the accounts of the six regional offices located throughout Tennessee.

The Conference has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Conference is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

The Conference adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Conference follows the practice of capitalizing expenditures for equipment over \$100.

The Conference is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and therefore has made no provision for Federal income taxes. The Conference has no excise or unrelated business income tax.

The costs of providing the Conference's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



# **TENNESSEE CONFERENCE ON SOCIAL WELFARE**

## **Notes to Financial Statements, Continued**

**June 30, 2005**

(1) Summary of Significant Accounting Policies: (Continued)

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.

(2) Commitments and Contingencies:

Beginning September 24, 2003, the Conference entered into a lease for equipment with a term of fifty-eight months. Based on the provisions of SFAS No. 13, *Accounting for Leases*, the lease meets the criteria of a capital lease and, accordingly, has been recorded as such. This asset is stated on the statement of financial position at a capitalized cost of \$7,661 and had accumulated depreciation of \$2,681 at June 30, 2005.

Future minimum lease payments under the capital lease, together with the present value of minimum lease payments subsequent to June 30, 2005, are as follows:

Year Ending	
<u>June 30,</u>	
2006	\$ 1,939
2007	1,939
2008	1,939
2009	<u>161</u>
Total minimum lease payments	5,978
Less amount representing interest, assuming an implicit effective rate of 6.50%	<u>574</u>
Present value of minimum lease payments	<u>\$ 5,404</u>

The Conference has in effect a policy to provide sick leave to its employees at a rate of one sick day per month. Sick leave is cumulative, but nonvesting. Accordingly, no accrual for sick leave has been recorded. Accumulated sick leave at June 30, 2005 is estimated at \$29,000.

The Conference executed an office lease agreement dated April 8, 2005, for the fourteen-month period beginning May 1, 2005 and ending June 30, 2006. The monthly rent will be \$750. for a total minimum future rental commitment of \$9,000. Also, the Conference executed a sublease agreement dated July 1, 2005, for the twelve-month period beginning July 1, 2005 and ending June 30, 2006 related to one office on the Conference's premises for \$250 per month.

**TENNESSEE CONFERENCE ON SOCIAL WELFARE****Notes to Financial Statements, Continued****June 30, 2005****(3) Defined Contribution Plan:**

The Conference has established a defined contribution plan (in the form of a tax-deferred annuity 403 (b) plan) for the benefit of its employees, whereby the employees may elect to make contributions pursuant to a salary reduction agreement. Employee contributions for the year ended June 30, 2005 totaled \$7,393.

**(4) Temporarily and Permanently Restricted Net Assets:**

At June 30, 2005, the Conference did not have any temporarily or permanently restricted net assets.

**(5) Fair Values of Financial Instruments:**

The Conference's financial instruments consist of cash only.