

**FRIENDS IN GENERAL, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

# **FRIENDS IN GENERAL, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Friends in General, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statements of Friends in General, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 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 from 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.

## 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Frasier, Dean + Howard, PLLC*

Nashville, Tennessee  
October 3, 2013

**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 205,774	\$ 129,039
Contributions receivable	33,750	43,300
Accounts receivable - other	<u>-</u>	<u>5,046</u>
Total assets	<u>\$ 239,524</u>	<u>\$ 177,385</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	<u>\$ 3,832</u>	<u>\$ 3,841</u>
Total liabilities	<u>3,832</u>	<u>3,841</u>
Net assets:		
Unrestricted	201,942	130,244
Temporarily restricted	<u>33,750</u>	<u>43,300</u>
Total net assets	<u>235,692</u>	<u>173,544</u>
Total liabilities and net assets	<u>\$ 239,524</u>	<u>\$ 177,385</u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 58,772	\$ 67,500	\$ 126,272
In-kind donations	23,649	-	23,649
Interest income	133	-	133
Net assets released from timing restrictions	<u>77,050</u>	<u>(77,050)</u>	<u>-</u>
Total revenue	<u>159,604</u>	<u>(9,550)</u>	<u>150,054</u>
Expenses:			
Program services	66,333	-	66,333
Management and general	15,007	-	15,007
Fundraising costs	<u>6,566</u>	<u>-</u>	<u>6,566</u>
Total expenses	<u>87,906</u>	<u>-</u>	<u>87,906</u>
Change in net assets	71,698	(9,550)	62,148
Net assets, beginning of year	<u>130,244</u>	<u>43,300</u>	<u>173,544</u>
Net assets, end of year	<u><u>\$ 201,942</u></u>	<u><u>\$ 33,750</u></u>	<u><u>\$ 235,692</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 24,671	\$ 86,600	\$ 111,271
Less refunds of prior year grants	(41,703)	-	(41,703)
In-kind donations	54,049	-	54,049
Interest income	172	-	172
Net assets released from timing restrictions	<u>106,300</u>	<u>(106,300)</u>	<u>-</u>
Total revenue	<u>143,489</u>	<u>(19,700)</u>	<u>123,789</u>
Expenses:			
Program services	184,098	-	184,098
Management and general	24,374	-	24,374
Fundraising costs	<u>1,064</u>	<u>-</u>	<u>1,064</u>
Total expenses	<u>209,536</u>	<u>-</u>	<u>209,536</u>
Change in net assets	(66,047)	(19,700)	(85,747)
Net assets, beginning of year	<u>196,291</u>	<u>63,000</u>	<u>259,291</u>
Net assets, end of year	<u><u>\$ 130,244</u></u>	<u><u>\$ 43,300</u></u>	<u><u>\$ 173,544</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2013**

	Program Services	Management and General	Fundraising	Total
Mammograms in May grants	\$ 37,096	\$ -	\$ -	\$ 37,096
Salaries (in-kind)	12,718	6,834	-	19,552
Family and Legacy	10,392	-	-	10,392
Fundraising	-	-	6,566	6,566
Professional fees	-	4,425	-	4,425
In-kind donations	4,097	-	-	4,097
Insurance	-	1,473	-	1,473
Other grant expenses	1,445	-	-	1,445
Staff development and meetings	-	863	-	863
Office expense	-	720	-	720
Catering	585	-	-	585
Dues and subscriptions	-	572	-	572
Other	-	80	-	80
Licenses and dues	-	40	-	40
	<u>\$ 66,333</u>	<u>\$ 15,007</u>	<u>\$ 6,566</u>	<u>\$ 87,906</u>

See accompanying notes.



**FRIENDS IN GENERAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2012**

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 67,986	\$ -	\$ -	\$ 67,986
Mammograms in May grants	48,559	-	-	48,559
Salaries (in-kind)	33,486	9,591	-	43,077
Nurse Navigator	15,660	-	-	15,660
In-kind donations	10,972	-	-	10,972
Workshops	8,014	-	-	8,014
Professional fees	-	4,575	-	4,575
Computer	-	2,074	-	2,074
Radical Loving Care	1,797	-	-	1,797
Insurance	-	1,744	-	1,744
Dues and subscriptions	-	1,594	-	1,594
Office expense	-	1,558	-	1,558
Marketing	-	1,146	-	1,146
Fundraising	-	-	1,064	1,064
Staff development and meetings	-	1,063	-	1,063
Other	-	829	-	829
Licenses and dues	-	200	-	200
Other grant expenses	(2,376)	-	-	(2,376)
	<u>\$ 184,098</u>	<u>\$ 24,374</u>	<u>\$ 1,064</u>	<u>\$ 209,536</u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 62,148	\$ (85,747)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Contributions receivable	9,550	19,700
Accounts receivable - other	5,046	(5,046)
Accounts payable	(9)	(39,831)
Grants payable	<u>-</u>	<u>(4,301)</u>
Net cash provided by (used in) operating activities	<u>76,735</u>	<u>(115,225)</u>
Net increase (decrease) in cash and cash equivalents	76,735	(115,225)
Cash and cash equivalents, beginning of year	<u>129,039</u>	<u>244,264</u>
Cash and cash equivalents, end of year	<u><u>\$ 205,774</u></u>	<u><u>\$ 129,039</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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 ("NGHM").

**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 statements 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 has no permanently restricted net assets at June 30, 2013 and 2012.

**Cash and Cash Equivalents**

For purposes of the statements 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 uses the allowance method to determine uncollectible contributions receivable.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**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 program and administrative services from employees of NGHM. The value of such services (\$19,552 and \$43,077 for 2013 and 2012, respectively) is recorded as an in-kind donation. The value of donated goods (\$4,096 and \$10,972 for 2013 and 2012, respectively) 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.

**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.

Friends follows the Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Friends has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2010 through June 30, 2013.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

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

**Functional Allocation of Expenses**

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

**Subsequent Events**

Friends evaluated subsequent events through October 3, 2013, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.

**NOTE 2 – GRANTS**

Friends' primary function is to provide funds to 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. Friends did not have any promises to give at June 30, 2013 or 2012.

During 2012, Friends determined that they had not spent previous grant monies awarded and received in prior years from the Radical Loving Care grant and the Nurse Navigator grant in the stated time period per the related grant agreements. As such, these monies were returned to the grantor agencies during 2012. The amount refunded in 2012 was \$41,703 and has been included in the June 30, 2012 Statement of Activities as a decrease in revenue.

**NOTE 3 – CONCENTRATIONS**

Friends received approximately 40% of its contributions from one major donor for the year ended June 30, 2013. Friends received approximately 45% of its contributions from one major donor for the year ended June 30, 2012. A decrease in the level of support from those donors, if this were to occur, would have a significant impact on Friends' 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.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following promises to give to Friends in the future at June 30:

	<u>2013</u>	<u>2012</u>
Susan Komen Foundation	\$ 30,000	\$ 37,500
Tennessee Breast Coalition	<u>3,750</u>	<u>5,800</u>
	<u>\$ 33,750</u>	<u>\$ 43,300</u>

**NOTE 5 – RELATED PARTIES**

Bordeaux Long-Term Care and Knowles Home Assisted Living & Adult Day Care (“Bordeaux”) and NGHМ are related to Friends under the Metropolitan Nashville Hospital Authority. Both parties provide program services to Friends. For the years ended June 30, 2013 and 2012, Bordeaux and NGHМ had provided program services to Friends in the amount of \$0 and \$15,660, respectively.

Friends shared a portion of the salary expense for its development director with NGHМ for the first two years of employment. The development director was hired during fiscal year 2010. The portion of salary expense paid by NGHМ amounted to \$33,486 for the year ended June 30, 2012 and is recorded as an in-kind donation.

Friends pays for a portion of the Mammograms in May program at NGHМ. The amounts paid to NGHМ for the Mammograms in May program amounted to \$31,385 and \$39,071 for the years ended June 30, 2013 and 2012, respectively.