

PRELIMINARY DRAFT FOR
DISCUSSION PURPOSE ONLY

FRIENDS IN GENERAL, INC.

FINANCIAL STATEMENTS

June 30, 2007 and 2006

FRIENDS IN GENERAL, INC.

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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, 2007 and 2006, 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, 2007 and 2006, 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.

October 17, 2007

FRIENDS IN GENERAL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

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	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 89,158	\$ 88,538
Contribution receivable	<u>50,000</u>	<u>-</u>
Total assets	<u>\$ 139,158</u>	<u>\$ 88,538</u>

Liabilities and Net Assets

Current liabilities:		
Grants payable	<u>\$ -</u>	<u>\$ 2,785</u>
Total liabilities	<u>-</u>	<u>2,785</u>
Net assets:		
Unrestricted	89,158	85,753
Temporarily restricted	<u>50,000</u>	<u>-</u>
Total net assets	<u>139,158</u>	<u>85,753</u>
Total liabilities and net assets	<u>\$ 139,158</u>	<u>\$ 88,538</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

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	Unrestricted	Temporarily Restricted	Total
Revenue:			
Contributions and other	\$ 124,995	\$ 50,000	\$ 174,995
United Way contributions	396	-	396
In-kind donations	112,369	-	112,369
Interest income	2,018	-	2,018
Net assets released from timing restrictions	-	-	-
Total revenue	<u>239,778</u>	<u>50,000</u>	<u>289,778</u>
Expenses:			
Program services	215,249	-	215,249
Management and general	21,124	-	21,124
Fundraising costs	-	-	-
Total expenses	<u>236,373</u>	<u>-</u>	<u>236,373</u>
Change in net assets	3,405	50,000	53,405
Net assets, beginning of year	<u>85,753</u>	<u>-</u>	<u>85,753</u>
Net assets, end of year	<u>\$ 89,158</u>	<u>\$ 50,000</u>	<u>\$ 139,158</u>

See accompanying notes.

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

PRELIMINARY DRAFT FOR
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	<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	19,072	(19,072)	-
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	217	-	217
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>\$ 85,753</u>	<u>\$ -</u>	<u>\$ 85,753</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2007

**PRELIMINARY DRAFT FOR
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	Program Services	Management and General	Fundraising	Total
Mammograms in May grants	\$ 55,938	\$ -	\$ -	\$ 55,938
Other grant expenses	63,759	-	-	63,759
Licenses and dues	475	170	-	645
Staff education	-	212	-	212
Salaries (In-kind)	-	17,292	-	17,292
Property and equipment donations (in-kind)	95,077	-	-	95,077
Professional fees	-	3,450	-	3,450
	<u>\$ 215,249</u>	<u>\$ 21,124</u>	<u>\$ -</u>	<u>\$ 236,373</u>

See accompanying notes.

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

PRELIMINARY DRAFT FOR
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	Program Services	Management and General	Fundraising	Total
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 and 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.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2007 and 2006

PRELIMINARY DRAFT FOR
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	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 50,620	\$ (315)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Contribution receivable	(50,000)	19,072
Grants payable	<u>-</u>	<u>(52,221)</u>
Net cash provided (used) by operating activities	<u>620</u>	<u>(33,464)</u>
Net increase (decrease) in cash and cash equivalents	620	(33,464)
Cash and cash equivalents, beginning of year	<u>88,538</u>	<u>122,002</u>
Cash and cash equivalents, end of year	<u><u>\$ 89,158</u></u>	<u><u>\$ 88,538</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

PRELIMINARY DRAFT FOR
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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, 2007 and 2006

PRELIMINARY DRAFT FOR
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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 \$17,292 and \$14,317 for 2007 and 2006, respectively, is recorded as an in-kind donation. The value of donated goods of \$95,077 and \$18,825 for 2007 and 2006, 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.

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.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

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, 2007 and 2006, if applicable.

NOTE 3 – 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.

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>2007</u>	<u>2006</u>
Nurse Navigator Project	\$ 25,000	\$ -
Mammograms in May	<u>25,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ -</u>