

FRIENDS IN GENERAL, INC.

FINANCIAL STATEMENTS

June 30, 2011 and 2010

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 statements of financial position of Friends in General, Inc. (a non-profit organization) as of June 30, 2011 and 2010, 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, 2011 and 2010, 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

September 12, 2011

FRIENDS IN GENERAL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 244,264	\$ 224,379
Contributions receivable	<u>63,000</u>	<u>65,000</u>
Total assets	<u>\$ 307,264</u>	<u>\$ 289,379</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 43,672	\$ 17,680
Grants payable	<u>4,301</u>	<u>15,744</u>
Total liabilities	<u>47,973</u>	<u>33,424</u>
Net assets:		
Unrestricted	196,291	190,955
Temporarily restricted	<u>63,000</u>	<u>65,000</u>
Total net assets	<u>259,291</u>	<u>255,955</u>
Total liabilities and net assets	<u>\$ 307,264</u>	<u>\$ 289,379</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 126,962	\$ 63,000	\$ 189,962
In-kind donations	61,972	-	61,972
Interest income	187	-	187
Net assets released from timing restrictions	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
Total revenue	<u>254,121</u>	<u>(2,000)</u>	<u>252,121</u>
Expenses:			
Program services	225,342	-	225,342
Management and general	23,443	-	23,443
Fundraising costs	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>248,785</u>	<u>-</u>	<u>248,785</u>
Change in net assets	5,336	(2,000)	3,336
Net assets, beginning of year	<u>190,955</u>	<u>65,000</u>	<u>255,955</u>
Net assets, end of year	<u><u>\$ 196,291</u></u>	<u><u>\$ 63,000</u></u>	<u><u>\$ 259,291</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 104,004	\$ 65,000	\$ 169,004
In-kind donations	81,599	-	81,599
Interest income	271	-	271
Net assets released from timing restrictions	58,595	(58,595)	-
Total revenue	<u>244,469</u>	<u>6,405</u>	<u>250,874</u>
Expenses:			
Program services	183,272	-	183,272
Management and general	23,580	-	23,580
Fundraising costs	-	-	-
Total expenses	<u>206,852</u>	<u>-</u>	<u>206,852</u>
Change in net assets	37,617	6,405	44,022
Net assets, beginning of year	<u>153,338</u>	<u>58,595</u>	<u>211,933</u>
Net assets, end of year	<u><u>\$ 190,955</u></u>	<u><u>\$ 65,000</u></u>	<u><u>\$ 255,955</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

	Program Services	Management and General	Fundraising	Total
Salaries (in-kind)	\$ 50,712	\$ 8,810	\$ -	\$ 59,522
Mammograms in May grants	55,612	-	-	55,612
Salaries and benefits	45,214	-	-	45,214
Nurse Navigator	40,818	-	-	40,818
Radical Loving Care	13,957	-	-	13,957
Other grant expenses	9,600	-	-	9,600
Workshop expense	6,979	-	-	6,979
Staff development and meetings	-	4,335	-	4,335
Professional fees	-	4,020	-	4,020
Licenses and dues	-	2,477	-	2,477
In-kind donations	2,450	-	-	2,450
Office expense	-	1,824	-	1,824
Insurance	-	1,420	-	1,420
Other	-	557	-	557
	<u>\$ 225,342</u>	<u>\$ 23,443</u>	<u>\$ -</u>	<u>\$ 248,785</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010

	Program Services	Management and General	Fundraising	Total
In-Kind donations	\$ 51,762	\$ -	\$ -	\$ 51,762
Mammograms in May grants	45,899	-	-	45,899
Nurse Navigator	42,993	-	-	42,993
Salaries (in-kind)	16,235	13,602	-	29,837
Salaries and benefits	10,418	-	-	10,418
Other grant expenses	9,763	-	-	9,763
Radical Loving Care	6,202	-	-	6,202
Professional fees	-	4,840	-	4,840
Insurance	-	1,406	-	1,406
Other	-	1,404	-	1,404
Office expense	-	1,063	-	1,063
Licenses and dues	-	875	-	875
Staff development and meetings	-	390	-	390
	<u>\$ 183,272</u>	<u>\$ 23,580</u>	<u>\$ -</u>	<u>\$ 206,852</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,336	\$ 44,022
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Contributions receivable	2,000	(6,405)
Accounts payable	25,992	17,680
Grants payable	<u>(11,443)</u>	<u>9,744</u>
Net cash provided by operating activities	<u>19,885</u>	<u>65,041</u>
Net increase in cash and cash equivalents	19,885	65,041
Cash and cash equivalents, beginning of year	<u>224,379</u>	<u>159,338</u>
Cash and cash equivalents, end of year	<u><u>\$ 244,264</u></u>	<u><u>\$ 224,379</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 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, 2011 and 2010.

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.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

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 unconditional promises to give.

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 Nashville General Hospital at Meharry. The value of such services (\$59,522 and \$29,837 for 2011 and 2010, respectively) is recorded as an in-kind donation. The value of donated goods (\$2,450 and \$51,762 for 2011 and 2010, 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 IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Income Taxes (Continued)

Friends follows the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 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. This guidance must be applied to all existing tax positions upon initial adoption. 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, 2008 through June 30, 2011.

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.

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 September 12, 2011, 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.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 2 – GRANTS PAYABLE

Friends' 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 Friends' statements of financial position for amounts promised to give to NGHM at June 30, 2011 and 2010, respectively.

NOTE 3 – CONCENTRATIONS

Friends received approximately 48% and 44% of its contributions from two major donors for the years ended June 30, 2011 and 2010, respectively. 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.

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>2011</u>	<u>2010</u>
Nurse Navigator	\$ 18,000	\$ 17,500
Susan Komen Foundation	37,500	37,500
Tennessee Breast Coalition	<u>7,500</u>	<u>10,000</u>
	<u>\$ 63,000</u>	<u>\$ 65,000</u>

NOTE 5 – RELATED PARTIES

Bordeaux Long-Term Care and Knowles Home Assisted Living & Adult Day Care ("Bordeaux") and NGHM are related to Friends under the Hospital Authority. Both parties provide program services to Friends. At June 30, 2010, Bordeaux and NGH had provided program services to Friends in the amount of \$40,818 and \$42,195, respectively.

Friends shares a portion of the salary expense for their development director with NGH for the first two years of employment. The development director was hired during fiscal year 2010. The portion of salary expense paid by NGH amounted to \$50,712 and \$16,235 at June 30, 2011 and 2010, respectively, and is recorded as an in-kind donation.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 5 – RELATED PARTIES (Continued)

Friends pays for a portion of the Mammograms in May program at NGH. The amounts paid to NGH for the Mammograms in May program amounted to \$55,612 and \$45,899 for the years ended June 30, 2011 and 2010, respectively.