

CUMBERLAND REGION TOMORROW
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

CUMBERLAND REGION TOMORROW

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Independent Auditors' Report

To the Board of Directors
Cumberland Region Tomorrow
Nashville, Tennessee

We have audited the accompanying statements of financial position of Cumberland Region Tomorrow as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Cumberland Region Tomorrow'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 audits 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 Cumberland Region Tomorrow, as of December 31, 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.

Crosslin + Associates, P.C.

May 8, 2012
Nashville, Tennessee

CUMBERLAND REGION TOMORROW
STATEMENTS OF FINANCIAL POSITION

ASSETS

| | <u>December 31,</u> | |
|--|---------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Cash | \$173,055 | \$ 98,017 |
| Contributions and grants receivable (Note B) | 188,449 | 67,588 |
| Prepaid insurance | 284 | 284 |
| Equipment, net (Note C) | <u>2,666</u> | <u>3,087</u> |
| Total assets | <u>\$364,454</u> | <u>\$168,976</u> |

LIABILITIES

| | | |
|---------------------------------------|-----------------|-----------------|
| Accounts payable and accrued expenses | <u>\$ 5,059</u> | <u>\$ 3,858</u> |
|---------------------------------------|-----------------|-----------------|

NET ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Unrestricted | 47,636 | 98,152 |
| Temporarily restricted (Note E) | <u>311,759</u> | <u>66,966</u> |
| Total net assets | <u>359,395</u> | <u>165,118</u> |
| Total liabilities and net assets | <u>\$364,454</u> | <u>\$168,976</u> |

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF ACTIVITIES

| | Year Ended December 31, 2011 | | |
|--|------------------------------|-----------------------------------|-------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Support and revenue: | | | |
| Contributions and grants | \$ 135,295 | \$ 301,500 | \$ 436,795 |
| Interest and other income | 150 | - | 150 |
| Net assets released from restrictions (Note E) | <u>56,707</u> | <u>(56,707)</u> | <u>-</u> |
| Total support and revenue | <u>192,152</u> | <u>244,793</u> | <u>436,945</u> |
| Expenses: | | | |
| Program services: | | | |
| Quality Growth Tool Box | 31,724 | - | 31,724 |
| Power of Ten Regional Communications | 47,586 | - | 47,586 |
| Convening the Region Summit | <u>79,308</u> | <u>-</u> | <u>79,308</u> |
| Total program services | <u>158,618</u> | <u>-</u> | <u>158,618</u> |
| Supporting services: | | | |
| Administrative expenses | <u>84,050</u> | <u>-</u> | <u>84,050</u> |
| Total expenses | <u>242,668</u> | <u>-</u> | <u>242,668</u> |
| Net (decrease) increase in net assets | (50,516) | 244,793 | 194,277 |
| Net assets at beginning of year | <u>98,152</u> | <u>66,966</u> | <u>165,118</u> |
| Net assets at end of year | <u>\$ 47,636</u> | <u>\$ 311,759</u> | <u>\$ 359,395</u> |

| <u>Year Ended December 31, 2010</u> | | |
|-------------------------------------|-----------------------------------|------------------|
| <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| \$ 180,000 | \$ 63,000 | \$243,000 |
| 16 | - | 16 |
| <u>3,969</u> | <u>(3,969)</u> | <u>-</u> |
| <u>183,985</u> | <u>59,031</u> | <u>243,016</u> |
| 28,765 | - | 28,765 |
| 43,147 | - | 43,147 |
| <u>71,912</u> | <u>-</u> | <u>71,912</u> |
| <u>143,824</u> | <u>-</u> | <u>143,824</u> |
| <u>73,256</u> | <u>-</u> | <u>73,256</u> |
| <u>217,080</u> | <u>-</u> | <u>217,080</u> |
| (33,095) | 59,031 | 25,936 |
| <u>131,247</u> | <u>7,935</u> | <u>139,182</u> |
| <u>\$ 98,152</u> | <u>\$ 66,966</u> | <u>\$165,118</u> |

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF CASH FLOWS

| | <u>Year Ended December 31,</u> | |
|--|--------------------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 194,277 | \$ 25,936 |
| Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,118 | 991 |
| Loss on disposal of equipment | 852 | - |
| Direct write-off of uncollectible contributions and grants receivable | 345 | 3,172 |
| Increase in contributions and grants receivable | (121,206) | (42,086) |
| Increase (decrease) in accounts payable and accrued liabilities | <u>1,201</u> | <u>(802)</u> |
| Net cash provided by (used in) operating activities | <u>76,587</u> | <u>(12,789)</u> |
| Cash flows from investing activities: | | |
| Purchases of equipment | <u>(1,549)</u> | <u>(1,854)</u> |
| Net cash used in investing activities | <u>(1,549)</u> | <u>(1,854)</u> |
| Net increase (decrease) in cash | 75,038 | (14,643) |
| Cash, beginning of year | <u>98,017</u> | <u>112,660</u> |
| Cash, end of year | <u>\$ 173,055</u> | <u>\$ 98,017</u> |

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 sector. 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 2011, CRT continued its work to advance the region through two synergistic areas of focus. In support of their efforts toward successful Regionalism and Collaborative Action, CRT brought together diverse regional leaders at the 2011 Convening the Region Summit and created new Outreach, Education and Regional Communications efforts through its POWER OF TEN brand and regional communications platform. In support of the regional issue of Land Use/Quality Growth and Sustainable Development, 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.

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, 2011 AND 2010

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, 2011 and 2010.

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, 2011 AND 2010

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, 2011 and 2010 was approximately \$13,700 and \$2,200, respectively. The amount was calculated based upon fair market values.

For 2011 and 2010, Cumberland Region Tomorrow used office space donated by members of the Board of Directors. The fair value of donated rent is \$6,097 and \$14,381 for 2011 and 2010, 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, 2011 and 2010 totaled \$188,449 and \$67,588, respectively. The outstanding balance at December 31, 2011 is expected to be collected through 2014. Management did not consider an allowance for uncollectible contributions receivable necessary at December 31, 2011 or 2010. During 2011 and 2010, \$345 and \$3,172, respectively, of contributions and grants receivable were written-off as uncollectible. There were no conditional promises to give as of December 31, 2011 on 2010.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

C. EQUIPMENT

Equipment at December 31, 2011 and 2010 consisted of the following:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------|-----------------|-----------------|
| Equipment | \$ 8,282 | \$ 23,632 |
| Less accumulated depreciation | <u>(5,616)</u> | <u>(20,545)</u> |
| Equipment, net | <u>\$ 2,666</u> | <u>\$ 3,087</u> |

Depreciation expense for the years ended December 31, 2011 and 2010 was \$1,118 and \$991, 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, 2011 and 2010 consisted of the following:

| | <u>2011</u> | <u>2010</u> |
|--|------------------|-----------------|
| Contributions for operations in future periods | <u>\$311,759</u> | <u>\$66,966</u> |

Net assets of \$56,707 in 2011 and \$3,969 in 2010 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, 2011 AND 2010

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, 2011, contributions from one major donor comprised approximately 69% of CRT's total support and revenue. At December 31, 2011, CRT had a concentration in contributions and grants receivable from two major donors, which comprised approximately 92% of CRT's total contributions and grants receivable.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 8, 2012, which is the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.