

FRIENDS IN GENERAL, INC.

FINANCIAL STATEMENTS

June 30, 2016 and 2015

FRIENDS IN GENERAL, INC.

TABLE OF CONTENTS

Independent Auditor's Report.....	2 – 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities.....	5 – 6
Statements of Functional Expenses	7 – 8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10 – 13



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, 2016 and 2015, 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, 2016 and 2015, 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.

Fraser, Don & Hand, PLLC

Nashville, Tennessee

September 30, 2016

FRIENDS IN GENERAL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	Assets	2016	2015
Current assets:			
Cash and cash equivalents	\$	249,777	\$ 274,378
Contributions receivable		22,674	39,012
Prepaid expenses		7,401	-
		<u>279,852</u>	<u>-</u>
Total assets	\$	279,852	\$ 313,390
		<u><u>279,852</u></u>	<u><u>313,390</u></u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$	8,762	\$ 26,283
		<u>8,762</u>	<u>26,283</u>
Total liabilities		8,762	26,283
		<u>8,762</u>	<u>26,283</u>
Net assets:			
Unrestricted		174,762	209,561
Temporarily restricted		96,328	77,546
		<u>271,090</u>	<u>287,107</u>
Total net assets		271,090	287,107
		<u>271,090</u>	<u>287,107</u>
Total liabilities and net assets	\$	279,852	\$ 313,390
		<u><u>279,852</u></u>	<u><u>313,390</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Grants	\$ -	\$ 95,000	\$ 95,000
Less refunds of prior year grants	-	(29,666)	(29,666)
Contributions and other	19,367	6,825	26,192
In-kind donations	14,814	-	14,814
Interest income	75	-	75
Net assets released from timing restrictions	<u>53,377</u>	<u>(53,377)</u>	<u>-</u>
Total revenue	<u>87,633</u>	<u>18,782</u>	<u>106,415</u>
Expenses:			
Program services	66,668	-	66,668
Management and general	28,558	-	28,558
Fundraising costs	<u>27,206</u>	<u>-</u>	<u>27,206</u>
Total expenses	<u>122,432</u>	<u>-</u>	<u>122,432</u>
Change in net assets	(34,799)	18,782	(16,017)
Net assets, beginning of year	<u>209,561</u>	<u>77,546</u>	<u>287,107</u>
Net assets, end of year	<u><u>\$ 174,762</u></u>	<u><u>\$ 96,328</u></u>	<u><u>\$ 271,090</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 25,778	\$ 50,060	\$ 75,838
In-kind donations	13,246	-	13,246
Interest income	99	-	99
Net assets released from timing restrictions	<u>34,280</u>	<u>(34,280)</u>	<u>-</u>
Total revenue	<u>73,403</u>	<u>15,780</u>	<u>89,183</u>
Expenses:			
Program services	49,659	-	49,659
Management and general	24,488	-	24,488
Fundraising costs	<u>509</u>	<u>-</u>	<u>509</u>
Total expenses	<u>74,656</u>	<u>-</u>	<u>74,656</u>
Change in net assets	(1,253)	15,780	14,527
Net assets, beginning of year	<u>210,814</u>	<u>61,766</u>	<u>272,580</u>
Net assets, end of year	<u><u>\$ 209,561</u></u>	<u><u>\$ 77,546</u></u>	<u><u>\$ 287,107</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Services	Management and General	Fundraising Costs	Total
Salaries (includes \$11,544 in-kind)	\$ 5,521	\$ 9,202	\$ 22,085	\$ 36,808
Mammograms in May grants	34,627	-	-	34,627
Oncology patient fund	16,650	-	-	16,650
Professional fees	-	5,500	-	5,500
Dues and subscriptions	-	272	4,198	4,470
Health fairs	4,200	-	-	4,200
In-kind	200	3,070	-	3,270
Supplies	-	3,075	-	3,075
Benefits	-	2,905	-	2,905
Dental care	2,520	0	-	2,520
Family and Legacy	2,200	-	-	2,200
Travel	-	2,000	-	2,000
Insurance	-	1,610	-	1,610
Fundraising	-	-	923	923
Recognition and celebrations	750	-	-	750
Other	-	508	-	508
Printing	-	274	-	274
Permit fees	-	142	-	142
	<u>\$ 66,668</u>	<u>\$ 28,558</u>	<u>\$ 27,206</u>	<u>\$ 122,432</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Program Services	Management and General	Fundraising Costs	Total
Mammograms in May grants	\$ 37,765	\$ -	\$ -	\$ 37,765
Salaries (in-kind)	-	13,246	-	13,246
Family and Legacy	6,009	-	-	6,009
Professional fees	-	5,000	-	5,000
Oncology patient fund	4,280	-	-	4,280
Printing	-	1,926	-	1,926
Insurance	-	1,664	-	1,664
Catering	1,143	-	-	1,143
Donations	-	1,100	-	1,100
Fundraising	-	-	509	509
Other	-	465	-	465
Staff development and meetings	462	-	-	462
Marketing	-	442	-	442
Dues and subscriptions	-	400	-	400
Postage	-	245	-	245
	<u>\$ 49,659</u>	<u>\$ 24,488</u>	<u>\$ 509</u>	<u>\$ 74,656</u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (16,017)	\$ 14,527
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in operating assets and liabilities:		
Contributions receivable	16,338	(3,447)
Prepaid expense	(7,401)	-
Accounts payable	<u>(17,521)</u>	<u>14,545</u>
Net cash (used in) provided by operating activities	<u>(24,601)</u>	<u>25,625</u>
Net (decrease) increase in cash and cash equivalents	(24,601)	25,625
Cash and cash equivalents, beginning of year	<u>274,378</u>	<u>248,753</u>
Cash and cash equivalents, end of year	<u><u>\$ 249,777</u></u>	<u><u>\$ 274,378</u></u>

See accompanying notes.

FRIENDS IN GENERAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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, 2016 and 2015.

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, 2016 and 2015

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 NGHIM. The value of such services (\$11,544 and \$13,246 for 2016 and 2015, respectively) is 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, 2014 through June 30, 2016.

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, 2016 and 2015

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.

Reclassifications

Certain reclassifications have been made to 2015 balances to conform with 2016 presentation.

Subsequent Events

Friends evaluated subsequent events through September 30, 2016 when these financial statements were available to be issued. Other than described in Note 6, 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 NGHМ. NGHМ 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 NGHМ'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.

During fiscal year 2016, Friends determined that they had not spent previous grant monies awarded and recorded in prior years from the Baptist Healing Trust grant in the stated time period per the related grant agreement. As such, these monies were returned to the grantor agency in 2016. The amount refunded was \$29,666 and has been included in the June 30, 2016 Statement of Activities as a decrease in revenue.

NOTE 3 – CONCENTRATIONS

Friends received approximately 70% of its contributions from two major donors for the year ended June 30, 2016. Friends received approximately 40% of its contributions from one major donor for the year ended June 30, 2015. 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, 2016 and 2015

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>2016</u>	<u>2015</u>
Susan Komen Foundation	\$ 56,373	\$ 36,000
Oncology Patient Fund	39,955	9,780
Baptist Healing Trust	<u>-</u>	<u>31,766</u>
	<u>\$ 96,328</u>	<u>\$ 77,546</u>

NOTE 5 – RELATED PARTY

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 \$32,522 and \$37,149 for the years ended June 30, 2016 and 2015, respectively.

NOTE 6 – SUBSEQUENT EVENT

Effective August 2016, Friends changed its legal name to Nashville General Hospital Foundation.