

TENNESSEE CONFERENCE ON SOCIAL WELFARE

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Conference on Social Welfare
Nashville, Tennessee

We have audited the accompanying statement of financial position of Tennessee Conference on Social Welfare (a nonprofit organization) as of June 30, 2008 and the related statement of activities and cash flows for the year 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 audit. The financial statements of the Tennessee Conference on Social Welfare as of June 30, 2007 were audited by other auditors whose report dated January 23, 2008 expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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 Tennessee Conference on Social Welfare as of June 30, 2008 and change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 4, 2009

TENNESSEE CONFERENCE ON SOCIAL WELFARE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

ASSETS

Current Assets	<u>2008</u>	<u>2007</u>
Cash	\$ 40,425	\$ 23,006
Accounts Receivable	3,285	13,652
Prepaid Expenses	1,218	2,644
Other Assets	<u>-</u>	<u>110</u>
Total Current Assets	44,928	39,412
Furniture and Equipment, net of accumulated depreciation of \$13,151 and \$10,585	<u>1,918</u>	<u>4,484</u>
Total Assets	<u><u>\$ 46,846</u></u>	<u><u>\$ 43,896</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	84	4,068
Payroll Taxes Payable	1,836	1,711
Lease Obligation	<u>161</u>	<u>1,972</u>
Total Current Liabilities	<u>2,081</u>	<u>7,751</u>
Net Assets		
Unrestricted	43,965	35,345
Temporarily restricted	<u>800</u>	<u>800</u>
Total Net Assets	<u>44,765</u>	<u>36,145</u>
Total Liabilities and Net Assets	<u><u>\$ 46,846</u></u>	<u><u>\$ 43,896</u></u>

The accompanying notes and independent auditors' report are an integral part of this statement.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

SUPPORT AND REVENUE - UNRESTRICTED	<u>2008</u>	<u>2007</u>
Membership Dues - Organizations	\$ 53,641	\$ 51,633
Membership Dues - Individuals	6,636	12,130
Contributions	18,680	10,754
In-Kind Contributions	5,450	5,307
Spring Conference	75,207	75,973
Interest	76	75
Rental Income	9,000	8,400
Regional Conferences and Support	27,176	25,090
Miscellaneous	<u>-</u>	<u>659</u>
 Total Support and Revenue - Unrestricted	 <u>\$ 195,866</u>	 <u>190,021</u>
 EXPENSES - UNRESTRICTED		
Program services	175,833	179,212
Management and general	6,532	6,478
Fundraising	<u>4,881</u>	<u>4,672</u>
 Total Expenses - Unrestricted	 <u>187,246</u>	 <u>190,362</u>
 TOTAL DECREASE IN UNRESTRICED NET ASSETS	 8,620	 (341)
 Temporarily Restricted Support and Revenue	 <u>-</u>	 <u>800</u>
 NET INCREASE(DECREASE) IN NET ASSETS	 8,620	 459
 Net Assets, beginning of year	 <u>36,145</u>	 <u>35,686</u>
 Net Assets, end of year	 <u>\$ 44,765</u>	 <u>\$ 36,145</u>

The accompanying notes and independent auditors' report are an integral part of this statement.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program Services</u>			<u>Supporting Services</u>				
	<u>Training Conferences</u>	<u>Comm- unications</u>	<u>Research, Study and Planning</u>	<u>Issue Education</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 35,808	\$ 41,613	\$ 7,578	\$ 143	\$ 85,142	\$ 5,409	\$ 4,160	\$ 94,711
Professional Fees	11,762	4,963	900	19	17,644	-	-	17,644
Office Supplies	1,126	387	72		1,585	78	-	1,663
Telephone	1,413	994	176	3	2,586	7	29	2,622
Postage	1,088	514	16	-	1,618	16	-	1,634
Rent	3,265	4,476	815	16	8,572	582	447	9,601
Equipment Rental and Maintenance	1,653	2,266	414	8	4,341	294	226	4,861
Printing and Publications	3,189	995	733	-	4,917	-	-	4,917
Travel	1,005	59	31	-	1,095	39	10	1,144
Conferences and Special Events	43,347	-	131	-	43,478	92	9	43,579
Insurance and Fees	806	85	15	-	906	7	-	913
Staff Development	25	11	2	-	38	-	-	38
Memberships	174	126	51	-	351	-	-	351
Depreciation	1,359	806	393	8	2,566	-	-	2,566
Miscellaneous	489	281	70	154	994	8	-	1,002
Total Functional Expenses	\$ 106,509	\$ 57,576	\$ 11,397	\$ 351	\$ 175,833	\$ 6,532	\$ 4,881	\$ 187,246

The accompanying notes and independent auditors' report are an integral part of this statement.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Training Conferences</u>	<u>Comm- unications</u>	<u>Research, Study and Planning</u>	<u>Issue Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
							<u>Total</u>
Salaries and Benefits	\$ 29,821	\$ 40,878	\$ 7,446	\$ 137	\$ 78,282	\$ 5,314	\$ 4,082
Professional Fees	6,538	2,758	500	10	9,806	-	-
Office Supplies	3,090	1,062	199	4	4,355	214	5
Telephone	1,265	891	157	3	2,316	6	25
Postage	1,532	724	23	1	2,280	22	-
Rent	3,265	4,476	815	15	8,571	582	447
Equipment Rental and Maintenance	675	925	169	3	1,772	120	92
Printing and Publications	6,559	2,046	1,508	-	10,113	-	-
Travel	1,019	60	31	1	1,111	40	11
Conferences and Special Events	45,482	-	139	-	45,621	94	8
Insurance and Fees	3,490	367	66	2	3,925	30	-
Staff Development	91	38	7	-	136	-	-
Memberships	764	553	224	-	1,541	-	-
Depreciation	1,279	758	370	7	2,414	-	-
Interest Expense	179	52	37	-	268	-	-
Miscellaneous	3,301	1,897	469	1,034	6,701	56	2
Total Functional Expenses	\$ 108,350	\$ 57,485	\$ 12,160	\$ 1,217	\$ 179,212	\$ 6,478	\$ 4,672
							<u>\$ 190,362</u>

The accompanying notes and independent auditors' report are an integral part of this statement.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2008</u>	<u>2007</u>
Change in Net Assets	\$ 8,620	\$ 459
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	2,566	2,414
(Increase) Decrease in:		
Accounts Receivable	10,367	(7,550)
Prepaid Expenses	1,426	398
Other Assets	110	372
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(3,984)	1,597
Payroll Taxes Payable	125	(81)
Lease Obligation	(1,811)	(1,796)
Deferred Income	<u>-</u>	<u>(3,475)</u>
Net Cash Provided (Used) by Operating Activities	<u>17,419</u>	<u>(7,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(1,609)</u>
Net Cash Used by Investing Activities	<u>-</u>	<u>(1,609)</u>
 NET INCREASE (DECREASE) IN CASH	 17,419	 (9,271)
Cash balance, beginning of year	<u>23,006</u>	<u>32,277</u>
Cash balance, end of year	<u><u>\$ 40,425</u></u>	<u><u>\$ 23,006</u></u>

The accompanying notes and independent auditors' report are an integral part of this statement.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Tennessee Conference on Social Welfare (the "Conference") works to improve the social and economic well being of Tennesseans, particularly those in need. The Conference provides training for human service providers, as well as issue education to policy-makers statewide. The Conference is supported primarily through conference and membership fees.

Basis of Accounting:

The Conference has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Conference is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Conference is required to present a statement of cash flows. Net assets of the Conference are presented as follows:

Unrestricted - Represents unrestricted contributions that are available for the Conference's operations.

Temporarily Restricted - Represents net assets subject to donor-imposed stipulations that may or will be met either by actions of the Conference and/or the passage of time. The Organization's temporarily restricted net assets at June 30, 2008 consist of amounts restricted for the preservation of historical documents.

Permanently Restricted - Represents net assets subject to donor-imposed stipulations that they be maintained permanently by the Conference. Generally, donors of these assets may permit the Conference to use all or part of the income earned for general or specific purposes. At June 30, 2008 and 2007, the Conference did not have any permanently restricted net assets.

TENNESSEE CONFERENCE ON SOCIAL WELFARE
NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Contributions:

The Conference has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted amounts received and expended in the same year are reflected as unrestricted contributions.

The Conference is the recipient of annual income distributions from an endowment held by the Community Foundation of Middle Tennessee for its exclusive benefit. The Foundation has ultimate authority and control over all property of these endowments, including income derived there from, for us in conjunction with the charitable purposes of the Foundation, and, therefore, these assets are not included in the financial statements of the Conference. The balance of the endowment at June 30, 2008 is \$16,052. These annual income distributions are reflected as contributions in the accompanying statement of activities.

Contributions Receivable (Promises to Give):

Contributions are recognized when the donor makes a promise to give to the Conference that is, in substance, unconditional. Contributions that are restricted by the donor 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.

The Conference uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management considers contributions receivable to fully collectible as of June 30, 2008 and 2007, and accordingly, no allowance for doubtful receivables has been provided.

Contributed Services and Facilities:

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No amounts have been reflected on these financial statements for these services because they do not meet the criteria for recognition under SFAS No. 116.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Conference considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Equipment:

Equipment is recorded at cost or at fair market value as of the date purchased or contributed. Depreciation is provided in amounts necessary to allocate the costs of the various classes of assets using straight-line methods over the estimated useful lives of the respective assets, generally ranging from five to 25 years. Amortization of equipment under a capital lease is included with depreciation expense.

Income Taxes:

The Conference has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation. Accordingly, no provision for taxes has been made in the financial statements.

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 the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk:

Financial instruments that potentially subject the Conference to concentrations of credit risk consist primarily of cash on deposit and unconditional promises to give. The Conference's cash deposits are in a financial institute located in Tennessee and may, at times, exceed federally insured amounts. Concentrations of credit risk with respect to unconditional promises to give are limited to corporate donors and foundations in the Nashville area. Management does not believe significant credit risk exists at June 30, 2008.

TENNESSEE CONFERENCE ON SOCIAL WELFARE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2008 AND 2007

2. LEASES AND RELATED PARTY TRANSACTIONS

Beginning September 24, 2003, the Conference entered into a lease for equipment with a term of fifty-eight months. Based on the provisions of SFAS No. 13, "Accounting for Leases," the lease meets the criteria of a capital lease and, accordingly, has been recorded as such. This asset is stated on the statements of financial position at a capitalized cost of \$7,661 and had accumulated depreciation of \$7,276 and \$5,745 at June 30, 2008 and 2007, respectively.

Future minimum lease payments at June 30, 2008 are as follows:

Year ending June 30, 2009	\$	161
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The Conference entered into an office lease agreement on June 10, 2006 at a monthly rent of \$800 for a one-year term. The Conference entered into an oral agreement with the lessor to continue to rent the office space on a month-to-month basis subsequent to June 30, 2007. Rental expenses was \$9,600 and \$9,000 for the years ended June 30, 2008 and 2007, respectively.

In July 2006, the Conference entered into a sublease agreement with a related party at a rate of \$700 per month for the period July 1, 2006 through June 30, 2007. The agreement was extended in July 2007 at a rate of \$750 per month for the period July 1, 2007 through June 30, 2008. Rental income from the sublease agreement was \$9,000 and \$8,400 for the years ended June 30, 2008 and 2007, respectively.

3. DEFINED CONTRIBUTION PLAN

The Conference has established a defined contribution plan (in the form of a tax-deferred annuity 403(b) plan) for the benefit of its employees, whereby the employees elect to make contributions pursuant to a salary reduction agreement. Employee contributions for the years ended June 30, 2008 and 2007 totaled \$4,044 and \$3,132, respectively.