

**FRIENDS IN GENERAL, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**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, 2010 and 2009, 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, 2010 and 2009, 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 22, 2010

**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 224,379	\$ 159,338
Contributions receivable	<u>65,000</u>	<u>58,595</u>
Total assets	<u><u>\$ 289,379</u></u>	<u><u>\$ 217,933</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 17,680	\$ -
Grants payable	<u>15,744</u>	<u>6,000</u>
Total liabilities	<u>33,424</u>	<u>6,000</u>
Net assets:		
Unrestricted	190,955	153,338
Temporarily restricted	<u>65,000</u>	<u>58,595</u>
Total net assets	<u>255,955</u>	<u>211,933</u>
Total liabilities and net assets	<u><u>\$ 289,379</u></u>	<u><u>\$ 217,933</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	<u>58,595</u>	<u>(58,595)</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>
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 ACTIVITIES**  
**Year ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 103,984	\$ 58,595	\$ 162,579
In-kind donations	211,862	-	211,862
Interest income	486	-	486
Net assets released from timing restrictions	<u>57,934</u>	<u>(57,934)</u>	<u>-</u>
Total revenue	<u>374,266</u>	<u>661</u>	<u>374,927</u>
Expenses:			
Program services	335,439	-	335,439
Management and general	35,440	-	35,440
Fundraising costs	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>370,879</u>	<u>-</u>	<u>370,879</u>
Change in net assets	3,387	661	4,048
Net assets, beginning of year	<u>149,951</u>	<u>57,934</u>	<u>207,885</u>
Net assets, end of year	<u><u>\$ 153,338</u></u>	<u><u>\$ 58,595</u></u>	<u><u>\$ 211,933</u></u>

See accompanying notes.

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Property and equipment				
donations (in-kind)	\$ 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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Property and equipment				
donations (in-kind)	\$ 184,805	\$ -	\$ -	\$ 184,805
Mammograms in May grants	82,469	-	-	82,469
Nurse Navigator	45,217	-	-	45,217
Salaries (in-kind)	-	27,057	-	27,057
Other grant expenses	22,698	-	-	22,698
Office expense	-	4,078	-	4,078
Professional fees	-	4,010	-	4,010
Licenses and fees	250	295	-	545
	<u>\$ 335,439</u>	<u>\$ 35,440</u>	<u>\$ -</u>	<u>\$ 370,879</u>

See accompanying notes.



**FRIENDS IN GENERAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 44,022	\$ 4,048
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Contribution receivable	(6,405)	(661)
Accounts payable	17,680	-
Grants payable	<u>9,744</u>	<u>(31,000)</u>
Net cash provided by (used in) operating activities	<u>65,041</u>	<u>(27,613)</u>
Net increase (decrease) in cash and cash equivalents	65,041	(27,613)
Cash and cash equivalents, beginning of year	<u>159,338</u>	<u>186,951</u>
Cash and cash equivalents, end of year	<u><u>\$ 224,379</u></u>	<u><u>\$ 159,338</u></u>

See accompanying notes.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**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.

**Accounting Standards Codification**

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no affect on Friend's financial position, results from operations, net assets, or cash flows.

**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, 2010 and 2009.

**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, 2010 and 2009**

**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 use 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 (\$29,837 and \$27,057 for 2010 and 2009, respectively) is recorded as an in-kind donation. The value of donated goods (\$51,762 and \$184,805 for 2010 and 2009 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, 2010 and 2009**

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

**Income Taxes (Continued)**

On January 1, 2009, Friends adopted FASB guidance that clarifies the accounting for uncertainty in income taxes recognized in an enterprise'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. Adoption of this pronouncement had no impact Friend's financial statements. Tax years that remain open for examination include years ended June 30, 2008 through June 30, 2010. There are no tax penalties or interest reported in the accompanying 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 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.

**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, 2010 and 2009, respectively.

**FRIENDS IN GENERAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 3 – CONCENTRATIONS**

Friends received approximately 44% and 26% of its contributions from two major donors for the years ended June 30, 2010 and 2009, 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>2010</u>	<u>2009</u>
Mammograms in May	\$ -	\$ 27,500
Nurse Navigator	17,500	31,095
Susan Komen Foundation	37,500	-
Tennessee Breast Coalition	<u>10,000</u>	<u>-</u>
	<u>\$ 65,000</u>	<u>\$ 58,595</u>

**NOTE 5 – RELATED PARTIES**

Bordeaux Long-Term Care and Knowles Home Assisted Living & Adult Day Care ("Bordeaux") and Nashville General Hospital ("NGH") 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 \$42,195 and \$28,435, respectively.

Friends also shares a portion of the salary expense for their development director with NGH. For fiscal year 2010, Friends paid 33% of this expense and NGH paid 67%. The portion of salary expense paid by NGH is recorded as an in-kind donation at June 30, 2010.

**NOTE 6 – SUBSEQUENT EVENT**

Friends has evaluated subsequent events through September 22, 2010, when these financial statements were available to be issued. Friends is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on the financial statements.