

CUMBERLAND REGION TOMORROW

FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

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, 2005 and 2004, 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, 2005 and 2004, 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.

Nashville, Tennessee
June 16, 2006

CUMBERLAND REGION TOMORROW
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$130,028	\$199,731
Contributions and grants receivable, net (Note B)	70,473	51,632
Equipment, net (Note C)	4,086	7,817
Prepaid insurance	<u>1,503</u>	<u>1,978</u>
Total assets	<u>\$206,090</u>	<u>\$261,158</u>

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 34,823</u>	<u>\$ 5,337</u>
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NET ASSETS

Unrestricted	78,865	173,189
Temporarily restricted (Note D)	<u>92,402</u>	<u>82,632</u>
Total net assets	<u>171,267</u>	<u>255,821</u>
Total liabilities and net assets	<u>\$206,090</u>	<u>\$261,158</u>

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF ACTIVITIES

	<u>Year Ended December 31, 2005</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 61,331	\$ 57,345	\$ 118,676
Interest and other income	1,286	-	1,286
Net assets released from restrictions (Note D)	<u>47,575</u>	<u>(47,575)</u>	<u>-</u>
Total support and revenue	<u>110,192</u>	<u>9,770</u>	<u>119,962</u>
Expenses:			
Program services:			
Regional Report Project	-	-	-
Summitt Proceedings	-	-	-
Quality Growth Tool Box	111,271	-	111,271
Supporting services:			
Administrative expenses	<u>93,245</u>	<u>-</u>	<u>93,245</u>
Total expenses	<u>204,516</u>	<u>-</u>	<u>204,516</u>
Net (decrease) increase in net assets	(94,324)	9,770	(84,554)
Net assets at beginning of year	<u>173,189</u>	<u>82,632</u>	<u>255,821</u>
Net assets at end of year	<u>\$ 78,865</u>	<u>\$ 92,402</u>	<u>\$ 171,267</u>

<u>Year Ended December 31, 2004</u>		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 93,775	\$ 115,632	\$209,407
1,912	-	1,912
<u>58,000</u>	<u>(58,000)</u>	<u>-</u>
<u>153,687</u>	<u>57,632</u>	<u>211,319</u>
15,152	-	15,152
50,404	-	50,404
20,344	-	20,344
<u>97,067</u>	<u>-</u>	<u>97,067</u>
<u>182,967</u>	<u>-</u>	<u>182,967</u>
(29,280)	57,632	28,352
<u>202,469</u>	<u>25,000</u>	<u>227,469</u>
<u>\$ 173,189</u>	<u>\$ 82,632</u>	<u>\$255,821</u>

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Cash flows from activities:		
(Decrease) increase in net assets	\$ (84,554)	\$ 28,352
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,731	3,891
Bad debt expense	3,000	6,934
Increase in contributions and grants receivable	(21,841)	(17,310)
Decrease (increase) in other assets	475	(101)
Increase (decrease) in accounts payable and accrued liabilities	<u>29,486</u>	<u>(1,765)</u>
Net cash (used in) provided by operating activities	<u>(69,703)</u>	<u>20,001</u>
Cash flows from investing activities:		
Purchases of equipment	<u>-</u>	<u>(2,827)</u>
Net cash used in investing activities	<u>-</u>	<u>(2,827)</u>
Net (decrease) increase in cash and cash equivalents	(69,703)	17,174
Cash and cash equivalents:		
Beginning of year	<u>199,731</u>	<u>182,557</u>
End of year	<u>\$ 130,028</u>	<u>\$ 199,731</u>

See accompanying notes to financial statements.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cumberland Region Tomorrow is a private sector non-profit organization founded in 2000, working with the Greater Nashville Regional Council and others in the public sector. Cumberland Region Tomorrow'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. Cumberland Region Tomorrow 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. Cumberland Region Tomorrow is supported primarily through donor contributions.

In addition to focusing on strategic planning, Cumberland Region Tomorrow had one active program in 2005 (Quality Growth Tool Box) and three active programs in 2004 (the Regional Report Project, Summit Proceedings and Quality Growth Tool Box). Cumberland Region Tomorrow expects to have new special programs in future periods.

Accrual Basis and Financial Statement Presentation

Cumberland Region Tomorrow has presented its financial statements on the accrual basis of accounting.

Cumberland Region Tomorrow 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 Cumberland Region Tomorrow 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 Cumberland Region Tomorrow 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 Cumberland Region Tomorrow. Generally, the donors of these assets permit Cumberland Region Tomorrow 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, 2005 AND 2004

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, 2005 and 2004.

Cash and Cash Equivalents

For financial statement purposes, Cumberland Region Tomorrow considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Contributions

Cumberland Region Tomorrow 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 date of gift. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line basis over the estimated useful life of the various assets.

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, 2005 AND 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 the years ended December 31, 2005 and 2004 has not been valued since it is not susceptible to measurement.

For 2005 and 2004, Cumberland Region Tomorrow used office space donated by a member of the Board of Directors. The fair value of donated rent is \$34,500 for 2005 and 2004, 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, 2005 and 2004 totaled \$70,473 and \$51,632, respectively. The outstanding balance at December 31, 2005 is expected to be collected during the following two years. A discount of \$1,899 has been provided for expected contributions with payment terms in excess of one year. Management did not consider an allowance for uncollectible contributions receivable necessary at December 31, 2005 or 2004. There were no conditional promises to give as of December 31, 2005 and 2004.

CUMBERLAND REGION TOMORROW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

C. EQUIPMENT

Equipment at December 31, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Equipment	\$ 17,835	\$ 17,835
Less accumulated depreciation	<u>(13,749)</u>	<u>(10,018)</u>
Net investment in equipment	<u>\$ 4,086</u>	<u>\$ 7,817</u>

Depreciation expense for the years ended December 31, 2005 and 2004 was \$3,731 and \$3,891, respectively.

D. NET ASSETS AND NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Temporarily restricted net assets at December 31, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Contributions for operations in future periods	\$46,229	\$ 51,632
Quality Growth Tool Box Project	<u>46,173</u>	<u>31,000</u>
	<u>\$92,402</u>	<u>\$82,632</u>

Net assets of \$47,575 in 2005 and \$58,000 in 2004 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time restrictions.

E. CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in financial institutions at balances, which a times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant concentration risk on cash.