

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)**

FINANCIAL STATEMENTS

June 30, 2017 and 2016

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nashville General Hospital Foundation
Nashville, Tennessee

We have audited the accompanying financial statements of Nashville General Hospital Foundation (formerly Friends in General, Inc.) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 Nashville General Hospital Foundation as of June 30, 2017 and 2016, 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.

Frasier, Dean & Howard, PLLC

Nashville, Tennessee
October 24, 2017

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 352,828	\$ 249,777
Contributions receivable	97,170	22,674
Prepaid expenses	606	7,401
	<u> </u>	<u> </u>
Total assets	<u>\$ 450,604</u>	<u>\$ 279,852</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 33,123	\$ 8,762
	<u> </u>	<u> </u>
Total liabilities	<u>33,123</u>	<u>8,762</u>
Net assets:		
Unrestricted	83,490	174,762
Temporarily restricted	333,991	96,328
	<u> </u>	<u> </u>
Total net assets	<u>417,481</u>	<u>271,090</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 450,604</u>	<u>\$ 279,852</u>

See accompanying notes.

NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and other	\$ 81,827	\$ 410,006	\$ 491,833
In-kind donations	83,043	-	83,043
Interest income	24	-	24
Net assets released from timing restrictions	<u>172,343</u>	<u>(172,343)</u>	<u>-</u>
Total revenue	<u>337,237</u>	<u>237,663</u>	<u>574,900</u>
Expenses:			
Program services	279,560	-	279,560
Management and general	50,301	-	50,301
Fundraising costs	<u>98,648</u>	<u>-</u>	<u>98,648</u>
Total expenses	<u>428,509</u>	<u>-</u>	<u>428,509</u>
Change in net assets	(91,272)	237,663	146,391
Net assets, beginning of year	<u>174,762</u>	<u>96,328</u>	<u>271,090</u>
Net assets, end of year	<u><u>\$ 83,490</u></u>	<u><u>\$ 333,991</u></u>	<u><u>\$ 417,481</u></u>

See accompanying notes.

NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY 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 grant	-	(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.

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017**

	Program Services	Management and General	Fundraising Costs	Total
Salaries (includes \$10,598 in-kind)	\$ 18,714	\$ 26,405	\$ 74,855	\$ 119,974
Wellness Wednesday	106,743	-	-	106,743
In-kind	71,945	500	-	72,445
Mammograms in May grants	47,868	-	-	47,868
Benefits	-	14,184	-	14,184
Jazz brunch	-	-	19,115	19,115
Prostate screening	12,844	-	-	12,844
Workshop	7,500	-	-	7,500
Patient and employee care fund	6,135	-	-	6,135
Oncology patient fund	6,077	-	-	6,077
Professional fees	-	5,368	-	5,368
Dues and subscriptions	-	447	3,528	3,975
Insurance	-	1,222	-	1,222
Recognition and celebrations	758	-	332	1,090
Other	-	504	457	961
Printing	-	427	261	688
Health sciences	500	-	-	500
Education	-	488	-	488
Supplies	-	414	-	414
Volunteer coordinator	336	-	-	336
Meals	-	178	-	178
Dental care	140	-	-	140
Equipment	-	120	-	120
Networking	-	-	100	100
Postage	-	44	-	44
	<u>\$ 279,560</u>	<u>\$ 50,301</u>	<u>\$ 98,648</u>	<u>\$ 428,509</u>

See accompanying notes.

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY 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	-	-	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.

NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 146,391	\$ (16,017)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Contributions receivable	(74,496)	16,338
Prepaid expense	6,795	(7,401)
Accounts payable	<u>24,361</u>	<u>(17,521)</u>
Net cash provided by (used in) operating activities	<u>103,051</u>	<u>(24,601)</u>
Net increase (decrease) in cash and cash equivalents	103,051	(24,601)
Cash and cash equivalents, beginning of year	<u>249,777</u>	<u>274,378</u>
Cash and cash equivalents, end of year	<u><u>\$ 352,828</u></u>	<u><u>\$ 249,777</u></u>

See accompanying notes.

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

General

Friends in General, Inc. was established in 1977 as a Tennessee nonprofit corporation to provide resources to support various programs of Nashville General Hospital at Meharry ("NGHM"). Effective August 2016, Friends in General, Inc. changed its legal name to Nashville General Hospital Foundation (the "Foundation").

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 the Foundation 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. The Foundation has no permanently restricted net assets at June 30, 2017 and 2016.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

**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.

The Foundation receives executive director and other administrative services from employees of NGHMF. The value of such services (\$10,598 and \$11,544 for 2017 and 2016, respectively) is recorded as an in-kind donation.

Additionally, the Foundation 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 the Foundation 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.

The Foundation 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. The Foundation has no tax penalties or interest reported in the accompanying financial statements.

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.

**NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

**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.

Subsequent Events

The Foundation evaluated subsequent events through October 24, 2017 when these financial statements were available to be issued. 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

The Foundations' 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, the Foundation 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

The Foundation received approximately 48% of its contributions from two major donors for the year ended June 30, 2017. The Foundation received approximately 70% of its contributions from two major donors for the year ended June 30, 2016. A decrease in the level of support from those donors, if this were to occur, would have a significant impact on the Foundation's ability to fund its programs. The Foundation intends to increase fundraising efforts and its variety of contributors by applying for additional grants and soliciting donor support.

The Foundation, at times, maintains cash and cash equivalents in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In management's opinion, the risk related to each deposit is minimal.

NASHVILLE GENERAL HOSPITAL FOUNDATION
(FORMERLY FRIENDS IN GENERAL, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Men's Clinic	\$ 168,775	\$ -
Oncology Patient Fund	82,043	39,955
Susan Komen Foundation	53,505	56,373
Wellness Wednesdays	20,000	-
Patient Care (Food Pantry)	5,975	-
Scholarships	2,000	-
Wolff Fund	<u>1,693</u>	<u>-</u>
	<u>\$ 333,991</u>	<u>\$ 96,328</u>

NOTE 5 – RELATED PARTY

The Foundation pays for a portion of the Mammograms in May program at NGH. The amounts paid to NGH for the Mammograms in May program amounted to \$47,868 and \$34,627 for the years ended June 30, 2017 and 2016, respectively.