

APPALACHIAN VOICES

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

**APPALACHIAN VOICES
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DECEMBER 31, 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Appalachian Voices
Boone, North Carolina

We have audited the accompanying statements of financial position of Appalachian Voices (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Appalachian Voices management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Appalachian Voices as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



July 31, 2012

**APPALACHIAN VOICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31**

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 405,103	445,507
Accounts receivable	8,030	2,497
Deposits	1,675	1,675
Contributions receivable	258,000	72,500
Prepaid expenses	<u> --</u>	<u>26,171</u>
Total Current Assets	<u>672,808</u>	<u>548,350</u>
 PROPERTY AND EQUIPMENT:		
Improvements	--	8,421
Equipment	57,253	51,479
Furniture and fixtures	762	762
Less: accumulated depreciation	<u><34,216></u>	<u><32,612></u>
Net Property and Equipment	<u>23,799</u>	<u>28,050</u>
Total Assets	<u>\$ 696,607</u>	<u>576,400</u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 26,358	16,986
Accrued expenses	<u>19,308</u>	<u>7,231</u>
Total Current Liabilities	<u>45,666</u>	<u>24,217</u>

NET ASSETS:

Unrestricted:		
Operating	154,801	129,981
Invested in property and equipment	<u>23,799</u>	<u>28,050</u>
Total Unrestricted	<u>178,600</u>	<u>158,031</u>
Temporarily restricted	<u>472,341</u>	<u>394,152</u>
Total Net Assets	<u>650,941</u>	<u>552,183</u>
Total Liabilities and Net Assets	<u>\$ 696,607</u>	<u>576,400</u>

See accompanying notes to financial statements.

**APPALACHIAN VOICES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011</u>	<u>2010</u>
SUPPORT AND REVENUES:				
Contributions	\$ 662,995	825,015	1,488,010	1,298,680
Membership dues	53,650	10,000	63,650	55,496
Special events	4,766	--	4,766	17,012
Investment income	2,839	--	2,839	3,639
Voice advertisements	17,039	--	17,039	11,571
In-kind contributions	2,317	--	2,317	--
Other income	3,365	--	3,365	6,859
Loss on disposal of assets	<9,193>	--	<9,193>	<948>
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	<u>756,826</u>	<u><756,826></u>	--	--
Total Support and Revenue	<u>1,494,604</u>	<u>78,189</u>	<u>1,572,793</u>	<u>1,392,309</u>
EXPENSES:				
Program expenses	1,252,789	--	1,252,789	1,150,543
Management and general expenses	112,171	--	112,171	123,950
Fundraising expenses	<u>109,075</u>	--	<u>109,075</u>	<u>39,824</u>
Total Expenses	<u>1,474,035</u>	--	<u>1,474,035</u>	<u>1,314,317</u>
CHANGE IN NET ASSETS	20,569	78,189	98,758	77,992
NET ASSETS:				
Beginning of Year, January 1	<u>158,031</u>	<u>394,152</u>	<u>552,183</u>	<u>474,191</u>
End of Year, December 31	\$ <u>178,600</u>	<u>472,341</u>	<u>650,941</u>	<u>552,183</u>

See accompanying notes to financial statements.

**APPALACHIAN VOICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

PROGRAM EXPENSES

FUNCTIONAL EXPENSES	Internalizing the Cost of Coal	Preventing New Investments in Coal	Re- Energizing Appalachia	Riverkeeper	Total Program Expenses	Management & General Expenses	Fundraising Expenses	Total Expenses
Salaries and wages	\$ 460,812	125,120	71,162	23,841	680,935	61,979	77,987	820,901
Payroll taxes and insurance	72,163	20,173	14,039	2,510	108,885	10,746	9,340	128,971
Advertising	5,306	120	--	--	5,426	103	--	5,529
Bank charges	--	--	--	--	--	1,004	--	1,004
Conferences and meetings	5,102	1,154	30	--	6,286	3,194	267	9,747
Contract labor	36,506	14,053	14,078	1,350	65,987	31	--	66,018
Contributions	14,764	2,400	16	--	17,180	236	--	17,416
Depreciation	8,134	1,085	542	--	9,761	1,084	--	10,845
Dues and subscriptions	755	18	--	--	773	1,000	--	1,773
Equipment rental	763	162	93	30	1,048	80	101	1,229
Events	--	--	--	7,030	7,030	--	--	7,030
Insurance	1,238	336	191	64	1,829	167	209	2,205
Interest and penalties	--	--	--	--	--	395	--	395
Licenses and permits	791	695	--	--	1,486	205	--	1,691
Office supplies	8,532	1,994	1,260	265	12,051	997	5,235	18,283
Promotion materials	3,631	--	--	--	3,631	--	4,246	7,877
Postage and delivery	5,712	924	14,130	204	20,970	867	951	22,788
Printing and reproduction	13,198	821	35,070	308	49,397	9,015	--	58,412
Professional fees	7,365	6,480	--	--	13,845	6,920	2,453	23,218
Rent	37,677	16,366	2,843	922	57,808	2,404	3,024	63,236
Repairs and maintenance	1,095	282	160	54	1,591	139	176	1,906
Supplies	5,465	1,171	1,461	331	8,428	5,853	815	15,096
Travel	129,086	6,809	4,095	139	140,129	4,716	2,728	147,573
Telephone	9,158	11,665	308	103	21,234	268	578	22,080
Utilities	1,690	1,056	261	87	3,094	228	286	3,608
Website expense	11,605	1,442	706	232	13,985	540	679	15,204
TOTAL FUNCTIONAL EXPENSES	\$ 840,548	214,326	160,445	37,470	1,252,789	112,171	109,075	1,474,035

See accompanying notes to financial statements.

**APPALACHIAN VOICES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31**

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2011</u>	<u>2010</u>
Change in net assets	\$ 98,758	77,992
Adjustments to reconcile "change in net assets" to Net cash provided by <used for> operating activities:		
Loss on disposal	9,193	948
Depreciation expense	10,845	10,323
<Increase> decrease in accounts receivable	<5,533>	9,046
<Increase> decrease in contributions receivable	<185,500>	12,500
Decrease in other current assets	--	2,000
Decrease in deposits	--	2,345
<Increase> decrease in prepaid expenses	26,171	<26,171>
Increase in accounts payable	9,372	5,214
Increase in accrued expenses	<u>12,077</u>	<u>808</u>
Net cash provided by <used for> operating activities	<u><24,617></u>	<u>95,005</u>
CASH FLOWS FOR INVESTING ACTIVITIES:		
Purchase of equipment	<u><15,787></u>	<u><5,950></u>
Net cash used for investing activities	<u><15,787></u>	<u><5,950></u>
Net increase <decrease> in cash	<u><40,404></u>	<u>89,055</u>
CASH, Beginning of year	<u>445,507</u>	<u>356,452</u>
CASH, End of year	\$ <u>405,103</u>	<u>445,507</u>

See accompanying notes to financial statements.

APPALACHIAN VOICES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 - Organization:

Appalachian Voices was organized in 1997 as a North Carolina nonprofit corporation. Its purpose is to solve the environmental problems having the greatest impact on the central and southern Appalachian Mountains. The organization's income is primarily from private and public grants and individual contributions.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The Appalachian Voices financial statements have been prepared on the accrual basis of accounting. Under this method, support and revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the accounting period in which a liability is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. The Organization uses two of the three classes of net assets. The Organization did not receive any contributions with donor-imposed restrictions that would be classified as permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Grants and other contributions of cash and other assets are reported as temporarily 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 purpose 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received, net of an allowance for uncollectible promises and a discount to the present value of future cash flows, and presented as contributions receivable in the statement of financial position.

APPALACHIAN VOICES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued):

Property and Equipment

Property and equipment are recorded at cost or at estimated value at the date of the gift, if donated. Depreciation is computed over the estimated useful lives of the property using the straight-line method of depreciation.

Donated Services and Materials

It is the policy of Appalachian Voices to record the value of donated services, materials and facilities usage provided there is an objective basis with which to value such donations. The value of general volunteer services are not recorded, because there is no objective basis with which to value the volunteer time, although the operations of Appalachian Voices is supported by a considerable amount of volunteer time.

Income Taxes

Appalachian Voices is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Appalachian Voices has also been classified by the Internal Revenue Service as being an organization "other than a private foundation."

Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. Instruments such as accounts receivable, accounts payable, accrued expenses, notes receivable or payable that are currently due, and cash equivalents will typically be received or paid within a short period of time after the balance sheet date. Appalachian Voices estimates the fair value of these items to be the same as their carrying value.

Functional Allocation of Expenses

The costs of providing Appalachian Voices various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs and expenses have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of financial statement presentation, Appalachian Voices considers all bank accounts, certificates of deposit, interest accrued on certificates of deposit, and petty cash funds to be cash and cash equivalents. The cash reflected on Appalachian Voices financial statements as of December 31, 2011, consisted of two checking accounts, one certificate of deposit and two money market accounts.

**APPALACHIAN VOICES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 3 - Net Assets:

The Appalachian Voices Board of Directors has designated portions of the net assets to be used for purposes other than general operations as follows:

A portion of the net assets is invested in property and equipment, and thus is not intended to represent net assets available to pay operating expenses.

Note 4 - Temporarily Restricted Net Assets:

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

Air Pollution	\$ 108,325
Waterkeeper	80,423
Mountaintop Removal	159,296
Internalizing the Cost of Coal	350,782
Preventing New Investment in Coal	21,500
Management and General	<u>36,500</u>
	<u>\$ 756,826</u>

Note 5 - Contributions Receivable:

Unconditional promises to give consist of the following:

Restricted to Internalizing the Cost of Coal	\$ 158,000
Restricted to Preventing New Investments in Coal	75,000
General support	<u>25,000</u>
Amounts due in less than one year	<u>\$ 258,000</u>

**APPALACHIAN VOICES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 6 - Leases Obligations:

The Organization has entered into a five year lease with Ethel B. Simpson on June 1, 2007 for facility space located in Boone, North Carolina. The lease required monthly lease payments of \$2,500 for the term of June 1, 2007 to November 1, 2009. Thereafter, the lease requires a monthly lease payment of \$2,625. The lease expires May 31, 2012.

The Organization entered into a one year lease with The Alaska Wilderness League on August 1, 2011 for space located in Washington D.C. The lease requires monthly lease payments of \$1,942 for the term. The lease expires July 31, 2012.

The Organization entered into a one year lease with Lawrence Howard on October 15, 2009 for space located in Charlottesville, Virginia. The lease requires monthly lease payments of \$1,008 for the term. The Organization has renewed the lease for an additional two-year term in the amount of \$1,038. The lease expires December 31, 2013.

Future Payments Due:

	<u>Boone, NC</u>	<u>Washington, D.C.</u>	<u>Charlottesville, VA</u>
2012	\$ 13,125	13,594	12,456
2013	--	--	12,456
2014	--	--	--
2015	--	--	--
2016	--	--	--
Thereafter	<u> --</u>	<u> --</u>	<u> --</u>
Total Future Lease Payments	\$ <u>13,125</u>	<u>13,594</u>	<u>24,912</u>