NASHVILLE FILM FESTIVAL
FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016

NASHVILLE FILM FESTIVAL
FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nashville Film Festival

Report on the Financial Statements

We have audited the accompanying financial statements of Nashville Film Festival (the "Organization"), which comprise the statements of financial position as of December 31, 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 the financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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 the financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 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 Organization'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 Organization'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 Film Festival as of December 31, 2017 and 2016, 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.

Brentwood Location: 12 Cadillac Drive • Suite 210 • Brentwood, Tennessee 37027 • Phone: 615-916-3100 • Fax: 615-916-3161
Murfreesboro Location: 1535 W. Northfield Blvd., Suite 14 Lincoln Square • Murfreesboro, Tennessee 37129 • Phone: 615-916-3100 • Fax: 615-907-3393

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

February 16, 2018

NASHVILLE FILM FESTIVAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current assets		
Cash	$ 34,131	$ 38,734
Accounts receivable	24,338	-
Prepaid expenses	3,886	7,487
Total current assets	62,355	46,221
Equipment, net	17,831	18,612
Total assets	$ 80,186	$ 64,833

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities		
Accounts payable	$ 4,038	$ 9,570
Total current liabilities	4,038	9,570
Unrestricted net assets	76,148	55,263
Total liabilities and net assets	$ 80,186	$ 64,833

The accompanying notes are an integral part of these financial statements.

NASHVILLE FILM FESTIVAL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenues and other support		
Festival fees and sales	$ 320,588	$ 293,414
Corporate sponsors	228,355	311,623
Grants	145,786	113,140
Membership dues	52,232	32,759
Fundraising events	11,116	99,075
Contributions	7,493	8,536
Interest income	107	203
Contributions in-kind	286,633	281,303
Total revenues and other support	1,052,310	1,140,053
Expenses		
Festival and programs	784,525	890,902
Management and general	182,754	189,074
Fundraising	64,146	56,401
Total expenses	1,031,425	1,136,377
Increase in net assets	20,885	3,676
Net assets, beginning of year	55,263	51,587
Net assets, end of year	$ 76,148	$ 55,263

The accompanying notes are an integral part of these financial statements.

NASHVILLE FILM FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Festival and Programs	Management and General	Fundraising	Total
Salaries and wages	$ 150,284	$ 60,685	$ 53,289	$ 264,258
Payroll taxes	12,405	5,006	4,353	21,764
Employee benefits	7,349	2,965	2,578	12,892
Total salaries and benefits	170,038	68,656	60,220	298,914
Festival expense	219,073	-	-	219,073
Rent	140,277	12,456	3,114	155,847
Contract services	69,552	12,170	-	81,722
Advertising	74,331	3,797	-	78,128
Travel and entertainment	26,266	36,338	-	62,604
Equipment rental	25,384	-	-	25,384
Awards	21,330	526	-	21,856
Other programs and events	16,834	-	-	16,834
Dues and subscriptions	-	12,245	-	12,245
Postage	10,838	400	100	11,338
Printing and promotions	9,502	-	-	9,502
Bank and credit card fees		7,892		7,892
Insurance	-	7,823	-	7,823
Depreciation	-	7,509	-	7,509
Miscellaneous	-	6,862	-	6,862
Office and supplies		4,555		4,555
Telephone	-	1,322	712	2,034
Grant expense	1,100	-	-	1,100
Membership	-	203	-	203
	$ 784,525	$ 182,754	$ 64,146	$ 1,031,425

The accompanying notes are an integral part of these financial statements.

NASHVILLE FILM FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Festival and Programs	Management and General	Fundraising	Total
Salaries and wages	$ 151,553	$ 63,775	$ 46,643	$ 261,971
Payroll taxes	12,554	5,282	3,863	21,699
Employee benefits	3,949	1,801	1,179	6,929
Total salaries and benefits	168,056	70,858	51,685	290,599
Festival expense	229,048	-	-	229,048
Advertising	150,940	758	-	151,698
Rent	82,966	13,118	3,279	99,363
Travel and entertainment	49,128	41,558	-	90,686
Contract services	74,171	749	-	74,920
Writers conference expense	48,576	-	-	48,576
Miscellaneous	16,316	17,312	-	33,628
Awards	29,867	141	-	30,008
Dues and subscriptions	-	26,439	-	26,439
Equipment rental	16,328	-	-	16,328
Printing and promotions	13,272	1,327	-	14,599
Drive in expense	8,921	-	-	8,921
Depreciation	-	6,437	-	6,437
Insurance	-	6,428	-	6,428
Postage	3,313	2,393	598	6,304
Telephone	-	1,556	839	2,395
	$ 890,902	$ 189,074	$ 56,401	$ 1,136,377

The accompanying notes are an integral part of these financial statements.

NASHVILLE FILM FESTIVAL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Increase in net assets	$ 20,885	$ 3,676
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,509	6,438
(Increase) decrease in prepaid expenses	3,601	(7,487)
(Increase) decrease in accounts receivable	(24,338)	4,250
Decrease in accounts payable	(5,532)	(822)
Decrease in deferred revenue	-	(100,000)
Net cash provided by (used in) operating activities	2,125	(93,945)
Cash flows from investing activities		
Purchase of equipment	(6,728)	(6,703)
Net cash used in investing activities	(6,728)	(6,703)
Cash flows from financing activities		
Payments on capital lease payable	-	(179)
Net cash used in financing activities	-	(179)
Net decrease in cash	(4,603)	(100,827)
Cash, beginning of year	38,734	139,561
Cash, end of year	$ 34,131	$ 38,734
Supplemental cash flow information:		
Interest paid	$ 1,528	$ 1,970

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Film Festival's (the Organization) purpose is to promote or showcase independent and student films and film makers through the annual film festival. The Organization conducts an annual workshop, premiere screenings, and seminars for students ranging in age from adolescents to adults. The outreach program brings screenings and various workshops into schools and community centers in the inner city.

Basis of 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. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets which are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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. The Organization had no temporarily restricted net assets as of December 31, 2017 and 2016.

Permanently restricted net assets – Net assets which are subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Contributions of donated material that are usable for program services, fundraising, and support of management and general functions are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not donated, are recorded at their fair values in the period received.

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practical to objectively determine the fair value of services received. However, management estimates that a substantial number of volunteers have donated significant amounts of their time.

Inventory Valuation

The library of films maintained by the Organization is not reflected in the financial statements as an objective basis for valuation is not available.

Compensated Absences

The Organization has not accrued compensated absences since the amount cannot be reasonably estimated.

Use of 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 affecting 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.

Income Tax

The Organization is a not-for-profit organization that is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization had no unrelated business taxable income during the years ended December 31, 2017 and 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax (continued)

The Organization has adopted guidance concerning 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. There are no tax penalties or interest reported in the accompanying financial statements. The Organization had no uncertain tax positions at December 31, 2017. The Organization has exempt organization tax filings open to Internal Revenue Service audit generally for three years after they are filed.

Concentrations of Credit Risk

The Organization maintains a bank account at one financial institution. The balance, at times, may exceed federally insured limits. The Organization has not experienced any losses in the account. Management believes the Organization is not exposed to any significant credit risk related to cash.

Advertising Costs

The Organization expenses all advertising costs as incurred. Total advertising expense amounted to $78,128 and $151,698 in 2017 and 2016, respectively.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after December 31, 2017, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the December 31, 2017 financial statements.

NOTE 2 - EQUIPMENT

Equipment is recorded at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment at December 31, 2017 and 2016, is as follows:

	2017	2016
Office equipment	$ 76,236	$ 69,508
Less: accumulated depreciation	(58,405)	(50,896)
	$ 17,831	$ 18,612

NOTE 3 - LINES OF CREDIT

The Organization has a line of credit with ServisFirst Bank with a limit of $100,000. The line has a variable interest rate at 1.75% over the Index. The line is renewed on an annual basis. The line of credit had a zero balance at December 31, 2017 and 2016.

The Organization maintains one line of credit on a credit card. The line has a credit limit available of $25,000 and bears interest at a 13.24% annual rate on purchases and 24.24% annual rate on cash advances. The outstanding balance on the line was $4,038 and $9,570 as of December 31, 2017 and 2016, respectively.

NOTE 4 - DONATED SERVICES

Donated services ("in-kind" contributions) included in the statements of activities are as follows:

	2017	2016
Contributions in-kind		
Rent	$ 140,277	$ 82,966
Advertising	64,630	141,732
Festival expense	43,150	32,360
Equipment rental	22,500	-
Contract services	12,831	10,000
Printing	2,245	2,245
Guest travel	1,000	12,000
Total contributions in-kind	$ 286,633	$ 281,303
Expenses		
Functional expenses:		
Festival and programs	$ 286,633	$ 281,303
Increase in net assets	$ -	$ -

SUPPLEMENTAL INFORMATION

NASHVILLE FILM FESTIVAL
SCHEDULE OF ACTIVITIES - BEFORE IN-KIND ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Revenues and other support	
Festival fees and sales	$ 320,588
Corporate sponsors	228,355
Grants	145,786
Membership dues	52,232
Contributions	11,116
Fundraising events	7,493
Interest	107
Total revenues and other support before in-kind contributions	765,677
Expenses	
Festival and programs	500,723
Management and general	179,923
Fundraising	64,146
Total expenses before in-kind expenses	744,792
Increase in net assets before in-kind activities	$ 20,885

NASHVILLE FILM FESTIVAL
SCHEDULE OF FUNCTIONAL EXPENSES - BEFORE IN-KIND ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Festival and Programs	Management and General	Fundraising	Total
Salaries and wages	$ 150,284	$ 60,685	$ 53,289	$ 264,258
Payroll taxes	12,405	5,006	4,353	21,764
Employee benefits	7,349	2,965	2,578	12,892
Total salaries and benefits	170,038	68,656	60,220	298,914
Festival expense	175,923	-	-	175,923
Contract services	59,552	9,339	-	68,891
Travel and entertainment	25,266	36,338	-	61,604
Awards	21,330	526	-	21,856
Other programs and events	16,834	-	-	16,834
Rent	-	12,456	3,114	15,570
Advertising	9,701	3,797	-	13,498
Dues and subscriptions	-	12,245	-	12,245
Postage	10,838	400	100	11,338
Bank and credit card fees	-	7,892	-	7,892
Insurance	-	7,823	-	7,823
Depreciation	-	7,509	-	7,509
Printing and promotions	7,257	-	-	7,257
Miscellaneous	-	6,862	-	6,862
Office and supplies	-	4,555	-	4,555
Equipment rental	2,884	-	-	2,884
Telephone	-	1,322	712	2,034
Grant expense	1,100	-	-	1,100
Membership	-	203	-	203
	$ 500,723	$ 179,923	$ 64,146	$ 744,792