

**MOVES & GROOVES, INC.**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

**MOVES & GROOVES, INC.  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**Table of Contents**

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<b>INDEPENDENT AUDITORS' REPORT-----</b>	<b>1-2</b>
--	------------

**FINANCIAL STATEMENTS**

<b>STATEMENT OF FINANCIAL POSITION-----</b>	<b>3</b>
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<b>STATEMENT OF ACTIVITIES-----</b>	<b>4</b>
-------------------------------------	----------

<b>STATEMENT OF CASH FLOWS-----</b>	<b>5</b>
-------------------------------------	----------

<b>STATEMENT OF FUNCTIONAL EXPENSES-----</b>	<b>6</b>
--	----------

<b>NOTES TO FINANCIAL STATEMENTS-----</b>	<b>7-9</b>
---	------------



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Management  
Moves and Grooves, Inc.  
2275 Murfreesboro Pike, Ste. 101  
Nashville, TN 37217

We have audited the accompanying financial statements of Moves & Grooves, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020, and the related statement of activities, cash flows and functional expenses for the year 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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

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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 Moves & Grooves, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "SPD CPA Firm". The signature is written in a cursive, flowing style.

SPD CPA Firm  
September 10, 2021

**MOVES GROOVES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

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**Assets**

Current assets

Cash and cash equivalents	\$ 77,023
Grants Receivable	-
Security Deposits	<u>1,750</u>
Total current assets	<u>78,773</u>
<b>Total assets</b>	<b><u>\$ 78,773</u></b>

**Liabilities and net assets**

Current liabilities

Accounts Payable	\$ 1,523
Credit Card Payable	<u>3,078</u>
Total current liabilities	<u>4,601</u>

Other liabilities

Payroll Protection Program Loan	<u>64,759</u>
Total liabilities	69,360

Net Assets

Without Donor Restrictions	<u>9,413</u>
Total net assets	<u>9,413</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 78,773</u></b>

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

**MOVES GROOVES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Revenues and Support**

Program Revenue	\$ 8,234
Agency Grant	66,388
Local Government Grants	131,040
State Grants	86,730
Contributions	25,777
Fundraising Income	51,224
Non-government Grants	1,250
Total Revenues and Support	<u>370,643</u>

**Expenses**

Program Services	249,283
Management & General	112,470
Fundraising Expenses	15,837
Total Expenses	<u>377,590</u>

Change in Net Assets	(6,947)
Net Assets, Beginning of Year - Restated	16,360
Net Assets, End of Year	<u>\$ 9,413</u>

The accompanying notes are an integral part of these financial statements

**MOVES GROOVES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Cash flows from operating activities**

Decrease in net assets	\$ (6,947)
Adjustments to reconcile change used in net assets to used net cash provided by (used in) operating activities:	
Prior period adjustment	(14,229)
Decrease in grants receivable	26,287
Decrease in accounts payable	(5,633)
Decrease in credit card payable	(2,985)
Net cash provided by operating activities	<u>(3,507)</u>

**Cash flows from investing activities**

-

**Cash flows from financing activities**

Payroll Protection Program Financing	<u>64,759</u>
Net cash provided by financing activities	64,759
Net increase in cash and cash equivalents	61,252
Cash and cash equivalents, beginning of year	<u>15,771</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 77,023</u></b>

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

**MOVES GROOVES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising Expense</b>	<b>Total</b>
Salaries and Wages	134,012	\$ 89,342	\$ -	\$ 223,354
Payroll Taxes	10,429	6,952	-	17,381
Professional Fees	6,400	3,364	-	9,764
Special Events	-	-	15,837	15,837
Insurance Expense	5,768	-	-	5,768
Repairs and Maintenance	1,066	1,016	-	2,082
School Sites	7,318	-	-	7,318
Dance Teams	966	-	-	966
Summer Camp	1,918	-	-	1,918
Training	-	1,917	-	1,917
Business Meals	-	615	-	615
Board Meeting Expenses	-	253	-	253
Employment Expenses	-	840	-	840
Advertising	24,259	-	-	24,259
Auto Expenses	772	-	-	772
Bank Charges	-	437	-	437
Professional Dues	1,415	-	-	1,415
Office Expenses	25,269	-	-	25,269
Other Expenses	-	7,690	-	7,690
Rent	18,513	-	-	18,513
Travel	1,393	-	-	1,393
Utilities	9,785	-	-	9,785
Taxes & Licenses	-	44	-	44
Total Expenses	\$ 249,283	\$ 112,470	\$ 15,837	\$ 377,590

The accompanying notes are an integral part of these financial statements



**MOVES & GROOVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY  
OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Moves & Grooves, Inc. ("Moves & Grooves") is a not-for profit corporation organized in the State of Tennessee on September 26, 2002 with a commitment to enhance the lives of at risk youth and young individuals ranging from ages 5 to 18, living in the Nashville Metropolitan Area. Moves & Grooves provides after school, dance and summer camp programs that help aid in the ARTS, academics, character, fitness and nutrition of the youth.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, LDC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions — Net assets that are not restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets With Donor Restrictions — Net assets that are restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law

As of December 31, 2020, Moves & Grooves had no net assets with donor restrictions.

Revenue, Support, and Expenses

Moves & Grooves receives contributions from corporations and individual donors and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are reported as an increase in net assets. Moves & Grooves 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, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**MOVES & GROOVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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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 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Moves & Grooves considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At year-end and throughout the year, Moves & Grooves cash balances were deposited in checking and saving accounts.

Income Taxes

Moves & Grooves is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Advertising Costs

Moves & Grooves incurred and recorded advertising expense during the fiscal year 2020 to announce program activities available and to make the public aware of its programs. None of the expense is considered direct-response advertising costs.

Functional Expenses

Management allocates expenses on a functional basis among its various programs including support services. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

**NOTE 2—CONCENTRATION OF REVENUE**

Approximately 77% of Moves & Grooves' revenue is derived from several State and Local grants. The current level of Moves & Grooves' operations and services may be impacted or discontinued if the funding is not renewed.

**NOTE 3—OFFICE RENT**

In 2017, Moves & Grooves entered into a lease agreement for offices, for a term of three years at a rate of \$1,745 per month. The total rent expense under this agreement for the year ended December 31, 2020 was \$18,513.

**MOVES & GROOVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**NOTE 4      PAYROLL PROTECTION PROGRAM**

Moves & Grooves received loan proceeds in the amount of \$64,759 under the Payroll Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying small businesses up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrow terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. Moves & Grooves intends to use the proceeds for purposes consistent with the PPP

**NOTE 5—PRIOR PERIOD ADJUSTMENT**

In 2020, an adjustment of \$14,229 was made to correct balances in the checking accounts.

**NOTE 6--SUBSEQUENT EVENTS**

In March 2021, Moves & Grooves received a letter from the Small Business Administration (SBA) authorizing the lender that the PPP loan granted has been forgiven.

There were no other subsequent events requiring disclosure as of September 10, 2021, the date management evaluated such events. September 10, 2021 is the date the financial statements were available to be issued.