

NASHVILLE JAZZ WORKSHOP

FINANCIAL STATEMENTS

December 31, 2007 and 2006

**NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS**

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF FINANCIAL POSITION
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash	\$ 69,333	\$ 32,658
Grants receivable	<u>4,550</u>	<u>3,408</u>
Total current assets	73,883	36,066
Property and equipment, at cost or fair market value at date of donation, less accumulated depreciation	<u>15,081</u>	<u>16,281</u>
TOTAL ASSETS	<u><u>\$ 88,964</u></u>	<u><u>\$ 52,347</u></u>
LIABILITIES		
Accounts payable and accrued expenses	<u>4,286</u>	<u>2,243</u>
Total current liabilities	4,286	2,243
NET ASSETS		
Unrestricted	67,009	41,696
Temporarily Restricted	<u>17,669</u>	<u>8,408</u>
Total net assets liabilities	<u>84,678</u>	<u>50,104</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 88,964</u></u>	<u><u>\$ 52,347</u></u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2007 and 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2006</u>
Support and revenues:				
Tuition	\$ 112,580	\$ -	\$ 112,580	\$ 94,298
Grants	-	56,259	56,259	32,629
Fundraising	60,473	-	60,473	30,868
Admissions	29,452	-	29,452	29,995
Contributions and sponsorships	6,358	1,190	7,548	22,473
Other	2,478	-	2,478	3,370
Merchandise income	745	-	745	1,030
Net assets released from temporary restriction	<u>48,188</u>	<u>(48,188)</u>	<u>-</u>	<u>-</u>
Total support and revenues	260,274	9,261	269,535	214,663
Expenses:				
Program services	188,433	-	188,433	178,081
Management and general	<u>46,528</u>	<u>-</u>	<u>46,528</u>	<u>51,952</u>
Total expenses	<u>234,961</u>	<u>-</u>	<u>234,961</u>	<u>230,033</u>
Net increase (decrease)	25,313	9,261	34,574	(15,370)
Net assets, beginning of year	<u>41,696</u>	<u>8,408</u>	<u>50,104</u>	<u>65,474</u>
Net assets, end of year	\$ <u><u>67,009</u></u>	\$ <u><u>17,669</u></u>	\$ <u><u>84,678</u></u>	\$ <u><u>50,104</u></u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2007 and 2006

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>	<u>2006</u>
Wages and taxes	\$ 60,973	\$ 15,243	\$ 76,216	\$ 70,722
Contract services	77,386	-	77,386	64,112
Rent	15,360	3,840	19,200	20,800
Professional fees	-	7,471	7,471	5,253
Supplies and materials	8,100	2,025	10,125	19,166
Travel and transportaion	9,352	2,338	11,690	15,025
Utilities	6,271	1,568	7,839	8,744
Promotion and printing	3,886	972	4,858	8,407
Miscellaneous	5,019	1,257	6,276	6,790
Depreciation	-	7,368	7,368	5,899
Equipment rent	1,100	-	1,100	1,931
Insurance	-	1,945	1,945	1,239
Interest and bank charges	-	2,254	2,254	1,002
Postage and shipping	594	149	743	623
Dues and subscriptions	392	98	490	320
	<u>188,433</u>	<u>46,528</u>	<u>234,961</u>	<u>230,033</u>
Total support and revenues	\$ <u>188,433</u>	\$ <u>46,528</u>	\$ <u>234,961</u>	\$ <u>230,033</u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 34,574	\$ (15,370)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,368	5,899
(Decrease) increase in accrued payroll and related payroll taxes	2,043	(1,109)
Increase (decrease) in grant receivables	<u>(1,142)</u>	<u>2,389</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	42,843	(8,191)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(6,168)</u>	<u>(9,043)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,675	(17,234)
CASH AND CASH EQUIVALENTS, beginning of year	<u>32,658</u>	<u>49,892</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 69,333</u></u>	<u><u>\$ 32,658</u></u>

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

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2007 and 2006

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Jazz Workshop (the "Organization") was organized in 2000 as a not-for-profit corporation whose stated charitable purpose is providing student training and performances to the general public specific to jazz music in Nashville, Tennessee.

The sources of revenues are contributions, grants, and earned income from performances and workshops.

Basis of Accounting

The Organization recognizes revenues and expenses based on the accrual method of accounting. This method recognizes revenue when earned, and expenses are recognized when 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 the three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

As of December 31, 2007, temporarily restricted net assets represent grant monies received in 2007 designated to be used to support performances and operations in 2008. As of December 31, 2006, temporarily restricted net assets represent grant monies received in 2006 designated to be used to support performances and operations in 2007.

Use of Estimates

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

Property and Equipment

Property and Equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and resulting gain or loss is reflected in activity of the period. The Organization generally depreciates property and equipment on a straight-line basis over the useful lives of the related assets, estimated to be approximately five years for musical equipment. Office equipment and building improvements are depreciated over seven years.

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2007 and 2006

Revenue Recognition

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence 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 classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the years ended December 31, 2007 and 2006, \$17,669 and \$8,408, respectively, in grants were received that were classified as temporarily restricted, because they are designated to support performances and operations in 2008.

Cash and Cash Equivalents

The Organization considers all highly investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Donated Services and Facilities

The Organization receives services donated by a number of unpaid volunteers. Because of the difficulty in assigning values for such services, these services are generally not reflected in the accompanying financial statements. However, when an objective, measurable basis exists for valuing donated services or facilities, the amounts thereof are reflected in the financial statements as revenue and expenses. For donated services, no amounts are recorded for the years ended December 31, 2007 and 2006.

Functional Classification of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses and are based upon the guidance included in the *Audit and Accounting Guide for Not-For-Profit Organizations*, issued by the American Institute of Certified Public Accountants. The Organization incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated among the appropriate functions. The most significant of allocated costs are the costs associated with wages and payroll taxes. The Organization allocates these costs primarily using proportional methods based on the time expended by personnel on the various functions.

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2007 and 2006

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

NOTE B – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	<u>2007</u>	<u>2006</u>
Buildings	\$ 22,460	\$ 22,460
Office equipment	6,002	5,002
Decorations	5,746	5,746
Classroom equipment	5,445	4,711
Studio equipment	<u>12,382</u>	<u>7,948</u>
Total	52,035	45,867
Accumulated depreciation	<u>(36,954)</u>	<u>(29,586)</u>
Property, plant & equipment, net	<u>\$ 15,081</u>	<u>\$ 16,281</u>

NOTE C – LEASE OBLIGATIONS

The Organization leases its office building under an operating lease expiring in 2011. Future minimum lease payments under this agreement are as follows:

2008	\$ 19,200
2009	19,200
2010	19,200
2011	<u>12,800</u>
	<u>\$ 70,400</u>

The Organization also leases additional space at an off-site facility on an as-needed basis and is not obligated under any agreement. Rent expense was \$19,200 and \$20,800 for 2007 and 2006, respectively.