

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arts and Business Council of Greater Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of the Arts and Business Council of Greater Nashville, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities 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 the Arts and Business Council of Greater Nashville, Inc as of June 30, 2021 and 2020 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule to statement of activities on page 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 as a whole.

Changes in Financial Statement Presentation

As discussed in Note 1, Arts and Business Council of Greater Nashville, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The ASU has been applied retrospectively to all years presented in the financial statements. Our opinion is not modified with respect to this matter.

Nashville, TN
November 4, 2021

Kraft & Company, PLLC

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

ASSETS			
		<u>2021</u>	<u>2020</u>
Cash			
Arts and Business Council of Greater Nashville, Inc.	\$	312,821	\$ 216,254
Fiscally Sponsored Organizations		40,525	231,815
Total Cash		<u>353,346</u>	<u>448,069</u>
Contributions Receivable		39,586	2,730
Total Contributions Receivable		<u>39,586</u>	<u>2,730</u>
Prepaid Expenses		-	4,356
Total Other Assets		<u>-</u>	<u>4,356</u>
Total Assets	\$	<u><u>392,932</u></u>	\$ <u><u>455,155</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$	-	\$ 74,862
Deferred Revenue		12,300	-
Salary Payable - Belmont		38,159	28,661
Total Current Liabilities		<u>50,459</u>	<u>103,523</u>
Long Term Liabilities			
Accrued Interest		2,134	-
Long Term Debt		80,200	-
Total Long Term Liabilities		<u>82,334</u>	<u>-</u>
Total Liabilities	\$	<u><u>132,793</u></u>	\$ <u><u>103,523</u></u>
Net Assets:			
Without Donor Restrictions			
Undesignated		259,052	340,396
Board designated		1,087	11,236
Total Net Assets		<u>260,139</u>	<u>351,632</u>
Total Liabilities and Net Assets	\$	<u><u>392,932</u></u>	\$ <u><u>455,155</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Corporate Contributions and Grants	\$ 19,118	\$ 238,078	\$ 257,196
Individual Giving	34,199	10,167	44,366
Program Fees	95,615	-	95,615
Public Grants	74,558	5,000	79,558
Education and Seminars	12,800	-	12,800
Other Revenue	26,086	1,269	27,355
Membership Dues	7,761	-	7,761
Interest Income	241	-	241
Net Assets Released from Restrictions (See Note 1)	254,514	(254,514)	-
Total Revenues and Other Support	<u>524,892</u>	<u>-</u>	<u>524,892</u>
Expenses:			
Salaries and Related Expenses	173,255	-	173,255
Programs	252,349	-	252,349
Education and Seminars	12,151	-	12,151
Professional fees	9,350	-	9,350
Special Events	4,100	-	4,100
Meetings and Travel	989	-	989
Interest Expense - EIDL	2,234	-	2,234
Insurance	3,539	-	3,539
Office Expenses	4,274	-	4,274
Marketing	580	-	580
Fundraising	1,534	-	1,534
Miscellaneous	2,610	-	2,610
Total Expenses	<u>466,965</u>	<u>-</u>	<u>466,965</u>
Change in Net Assets	57,927	-	57,927
Net Assets:			
Beginning of Year	351,632	-	351,632
Transfer to close fiscally sponsored organizations (See Note 8)	(149,420)	-	(149,420)
End of Year	<u>\$ 260,139</u>	<u>\$ -</u>	<u>\$ 260,139</u>

See Independent Auditor's Report and Notes to Financial Statements.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Corporate Contributions and Grants	\$ 156,494	\$ 315,528	\$ 472,022
Individual Giving	36,031	23,035	59,066
Program Fees	37,472	-	37,472
Education and Seminars	27,256	-	27,256
Other Revenue	1,389	-	1,389
Membership Dues	5,560	-	5,560
Special Events: Arts Immersion	3,500	-	3,500
Net Assets Released from Restrictions (See Note 1)	338,563	(338,563)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Other Support	606,265	-	606,265
	<hr/>	<hr/>	<hr/>
Expenses:			
Salaries and Related Expenses	143,223	-	143,223
Programs	342,091	-	342,091
Education and Seminars	22,925	-	22,925
Professional fees	8,750	-	8,750
Special Events	661	-	661
Meetings and Travel	2,521	-	2,521
Insurance	3,370	-	3,370
Office Expenses	2,912	-	2,912
Marketing	1,001	-	1,001
Fundraising	1,829	-	1,829
Miscellaneous	1,236	-	1,236
	<hr/>	<hr/>	<hr/>
Total Expenses	530,519	-	530,519
	<hr/>	<hr/>	<hr/>
Change in Net Assets	75,746	-	75,746
	<hr/>	<hr/>	<hr/>
Net Assets:			
Beginning of Year	275,886	-	275,886
	<hr/>	<hr/>	<hr/>
End of Year	\$ 351,632	\$ -	\$ 351,632
	<hr/>	<hr/>	<hr/>

See Independent Auditor's Report and Notes to Financial Statements.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets for the Period	\$ 57,927	\$ 75,746
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities:		
Effect on Cash from Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Contributions Receivable	(36,856)	10,906
Salary Advances - Belmont	-	4,924
Prepaid Expenses	4,356	(4,356)
(Decrease) increase in:		
Accounts Payable	(74,862)	72,238
Salary Payable - Belmont	9,498	28,661
Deferred Revenue	12,300	-
Accrued Interest	2,134	-
Total Adjustments	<u>(83,430)</u>	<u>112,373</u>
Net cash (used in) provided by operating activities:	<u>(25,503)</u>	<u>188,119</u>
Cash Flows from Investing Activities:		
Transfer to close fiscally sponsored organizations (See Note 8)	<u>(149,420)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Proceeds from Economic Injury Disaster Loan	<u>80,200</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(94,723)	188,119
Cash and Cash Equivalents, Beginning of Year	<u>448,069</u>	<u>259,950</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 353,346</u></u>	<u><u>\$ 448,069</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The mission of The Arts and Business Council of Greater Nashville, Inc. (the “Council”) is to drive collaboration between the arts and business. The vision of the Council is to leverage and unite the unique resources of the business and arts communities to create a thriving, sustainable creative culture in Nashville. This is accomplished through:

- Creating mutually beneficial partnerships between arts and business.
- Providing direct services, key opportunities and education to the creative community to help them master the business of art.
- Inspiring workplace creativity in business to demonstrate the impact of the arts through tangible benefits development of life-long arts participants and supporters.
- Providing fiscal sponsorships by incubating arts projects and emerging arts organizations by allowing them to receive tax-deductible donations as they grow, as well as providing the administrative structure and support they need to scale sustainably.

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 (“GAAP”). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for nonprofit organizations within the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). Accordingly, net assets of the Council and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council’s management and the board of directors. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
- *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the purpose of these financial statements, revenue and support with donor restrictions are the amounts collected on behalf of the fiscally sponsored organizations.

See Independent Auditor’s Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents – For purposes of reporting cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions Receivable – Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions with donor restrictions whose restrictions are met in the same year as received are reported as contributions without donor restrictions. The Council uses the direct write-off method for determining if contributions are uncollectible.

Special Events – The Council holds events and programs throughout the year that contribute to the overall mission of the Council. Contributions, sponsorships, admissions and other revenue for these events and programs are included in special events cash receipts in the financial statements.

Estimates – The preparation of the 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.

Donated Services – Services are donated by many individuals who are members of the Council. These services are not recorded in the accounts of The Arts and Business Council of Greater Nashville, Inc. as the Council does not exercise control over employment of the donors nor does it have a clear, measurable basis for services.

Membership Dues – The Council recognizes membership dues as revenue in the applicable membership period.

Federal Income Taxes – The Council qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation under Section 509(a)(2). Accordingly, income tax amounts are not provided.

See Independent Auditor's Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Forthcoming Accounting Pronouncements – In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made*. The guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This guidance is effective for annual periods beginning after June 15, 2021. The Council is evaluating the impact of this standard on its financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Council to concentrations of credit risk consist of cash and investments. The Council maintains its cash balances in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. The balance per the bank at June 30, 2021 and 2020 exceeded the FDIC amount by approximately \$142,932 and \$198,069, respectively.

NOTE 3 – NONCASH INVESTING AND FINANCING ACTIVITIES:

There were no significant noncash investing and financing activities for the years ended June 30, 2021 and 2020.

NOTE 4 – OCCUPANCY COSTS:

The Council is located at Belmont University under a collaboration agreement. The agreement provides office space and administrative services at no cost to the Council and therefore, no occupancy cost are reflected on the financial statements. The Council will jointly explore opportunities for collaborative efforts with Belmont University to support and advance Nashville’s creative culture. This agreement expires on December 31, 2022.

NOTE 5 – LINE OF CREDIT:

The Council has an unsecured line of credit with a bank. The line of credit bears interest at the prime rate. Lines of credit available were \$50,000 for the years ending June 30, 2021 and 2020. There were no amounts outstanding for the years ending June 30, 2021 and 2020.

See Independent Auditor’s Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 – FINANCIAL ASSET AVAILABILITY

The organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensue funds are available as its expenditures come due. The following reflects the organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 353,346	\$ 448,069
Contributions Receivable	39,586	2,730
Prepaid Expenses	<u>-</u>	<u>4,356</u>
Total financial assets	392,932	455,155
Less amounts not available to be used for general expenditures within one year:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 392,932</u>	<u>\$ 455,155</u>

NOTE 7 – LONG-TERM DEBT:

In July 2020, the Council was granted an Economic Injury Disaster Loan (the "Loan") from the Small Business Administration in the amount of \$80,200. Installment payments including principal and interest of \$343 will be due monthly for thirty (30) years beginning July 2022.

See Independent Auditor's Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 – LONG-TERM DEBT (CONTINUED):

The Loan, which was in the form of a note dated July 16, 2020 issued by the lender, matures on June 16, 2050 and bears interest at a rate of 2.75% per annum, payable monthly commencing June 25, 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. The Company intends to use the entire Loan amount for qualifying expenses.

Principal Payments on notes are due as follows:

<u>Year ending June 30,</u>	
2022	\$ -
2023	1,794
2024	1,844
2025	1,895
2026	1,949
Thereafter	<u>72,718</u>
	<u>\$ 80,200</u>

NOTE 8 – FISCALLY SPONSORED ORGANIZATIONS:

During the normal course of business, fiscally sponsored organizations can qualify to become their own 501(c) (3) organization or move to another umbrella entity. In the event one of these occurs, the remaining assets are distributed to the respective organization.

NOTE 9 – SUBSEQUENT EVENTS:

The Council has evaluated subsequent events through November 4, 2021, the date the financial statements were approved for issuance. No subsequent events were found that are required to be recognized or disclosed in the accompanying financial statements.

See Independent Auditor's Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
SUPPLEMENTARY SCHEDULE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Arts & Business Council of Greater Nashville	Fiscally Sponsored Organizations
Revenues and Other Support:		
Corporate Contributions and Grants	\$ 19,118	\$ 238,078
Individual Giving	34,199	10,167
Program Fees	95,615	-
Public Grants	74,558	5,000
Education and Seminars	12,800	-
Membership Dues	7,761	-
Other Revenue	26,086	1,269
Interest Income	241	-
	<hr/>	<hr/>
Total Revenues and Other Support	270,378	254,514
	<hr/>	<hr/>
Expenses:		
Salaries and Related Expenses	173,255	-
Programs	21,517	230,831
Education and Seminars	12,151	-
Professional fees	9,350	-
Special Events	4,100	-
Meetings and Travel	989	-
Interest Expense - EIDL	2,234	-
Insurance	3,539	-
Office Expenses	4,274	-
Marketing	580	-
Fundraising	1,534	-
Miscellaneous	2,611	-
	<hr/>	<hr/>
Total Expenses	236,134	230,831
	<hr/>	<hr/>
Excess of Revenue Over Expenses	34,244	23,683
Net Assets:		
Beginning of Year	190,757	160,875
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Distribution to fiscally sponsored organizations	-	(149,420)
End of Year	\$ 225,001	\$ 35,138
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See Independent Auditor's Report and Notes to Financial Statements.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
SUPPLEMENTARY SCHEDULE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Arts & Business Council of Greater Nashville	Fiscally Sponsored Organizations
Revenues and Other Support:		
Corporate Contributions and Grants	\$ 156,494	\$ 315,528
Individual Giving	36,031	23,035
Program Fees	37,472	-
Education and Seminars	27,256	-
Membership Dues	5,560	-
Other Revenue	1,389	-
Special Events: Arts Immersion	3,500	-
	<hr/>	<hr/>
Total Revenues and Other Support	267,702	338,563
	<hr/>	<hr/>
Expenses:		
Salaries and Related Expenses	143,223	-
Programs	29,578	312,513
Education and Seminars	22,925	-
Professional fees	8,750	-
Special Events	661	-
Meetings and Travel	2,521	-
Insurance	3,370	-
Office Expenses	2,912	-
Marketing	1,001	-
Fundraising	1,829	-
Miscellaneous	1,235	-
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Total Expenses	218,005	312,513
	<hr/>	<hr/>
Excess of Revenue Over Expenses	49,697	26,050
	<hr/>	<hr/>
Net Assets:		
Beginning of Year	141,060	134,825
	<hr/>	<hr/>
End of Year	\$ 190,757	\$ 160,875
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See Independent Auditor's Report and Notes to Financial Statements.