

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

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

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flow	5
Notes to Financial Statements	6-9
Supplemental Schedule to Statement of Activities	10-11



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, 2020 and 2019 and the related statements of activities and cash flows, 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.

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, 2020 and 2019 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 10 and 11 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
October 29, 2020

Kraft & Company, PLLC

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash		
Arts and Business Council of Greater Nashville, Inc.	\$ 216,254	\$ 125,166
Fiscally Sponsored Organizations	231,815	134,784
Total Cash	<u>448,069</u>	<u>259,950</u>
Contributions Receivable	<u>2,730</u>	<u>13,636</u>
Total Contributions Receivable	<u>2,730</u>	<u>13,636</u>
Salary Advances - Belmont	-	4,924
Prepaid Expenses	<u>4,356</u>	<u>-</u>
Total Other Assets	<u>4,356</u>	<u>4,924</u>
Total Assets	<u><u>\$ 455,155</u></u>	<u><u>\$ 278,510</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 74,862	\$ 2,625
Total Accounts Payable	<u>74,862</u>	<u>2,625</u>
Salary Payable - Belmont	<u>28,661</u>	<u>-</u>
Total Other Liabilities	<u>28,661</u>	<u>-</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	340,396	275,885
Board designated	<u>11,236</u>	<u>-</u>
Total Net Assets	<u>351,632</u>	<u>275,885</u>
Total Liabilities and Net Assets	<u><u>\$ 455,155</u></u>	<u><u>\$ 278,510</u></u>

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

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues and Other Support:		
Corporate Contributions and Grants	\$ 472,022	\$ 340,588
Individual Giving	59,066	35,531
Program Fees	37,472	34,692
Education and Seminars	27,256	23,770
Membership Dues	5,560	5,405
Other Revenue	1,389	152
Special Events: Arts Immersion	3,500	25,727
Special Events: Arts Visionary Awards	-	22,825
	<hr/>	<hr/>
Total Revenues and Other Support	606,265	488,690
	<hr/>	<hr/>
Expenses:		
Salaries and Related Expenses	143,223	134,555
Programs	342,091	179,609
Education and Seminars	22,925	17,630
Professional fees	8,750	3,525
Special Events	661	15,054
Meetings and Travel	2,521	3,715
Insurance	3,370	3,364
Office Expenses	2,912	2,237
Marketing	1,001	1,067
Fundraising	1,829	627
Miscellaneous	1,235	104
	<hr/>	<hr/>
Total Expenses	530,518	361,487
	<hr/>	<hr/>
Excess of Revenue Over Expenses	75,747	127,203
Net Assets:		
Beginning of Year	<hr/> 275,885	<hr/> 148,682
End of Year	<hr/> <hr/> \$ 351,632	<hr/> <hr/> \$ 275,885

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Excess of Revenue Over Expenses for the Period	\$ 75,747	\$ 127,203
Adjustments to Reconcile Excess of Revenue Over Expenses Provided by Operating Activities:		
Effect on Cash from Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Contributions Receivable	10,905	8,845
Salary Advances - Belmont	4,924	(52,424)
Prepaid Expenses	(4,356)	-
(Decrease) increase in:		
Accounts Payable	72,238	2,375
Salary Payable - Belmont	28,661	
Total Adjustments	<u>112,372</u>	<u>(41,204)</u>
Net cash provided by operating activities:	<u>188,119</u>	<u>85,999</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities:	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	188,119	85,999
Cash and Cash Equivalents, Beginning of Year	<u>259,950</u>	<u>173,951</u>
Cash and Cash Equivalents, End of Year	<u><u>448,069</u></u>	<u><u>\$ 259,950</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, 2020 AND 2019

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.

See Independent Auditor’s Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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 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, 2020 AND 2019

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

Change in Accounting Principle – In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been adopted during 2019.

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, 2020 and 2019 exceeded the FDIC amount by approximately \$198,069 and \$9,950 respectively.

NOTE 3 – NONCASH INVESTING AND FINANCING ACTIVITIES:

There were no significant noncash investing and financing activities for the years ended June 30, 2020 and 2019.

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.

See Independent Auditor’s Report.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019. There were no amounts outstanding for the years ending June 30, 2020 and 2019.

NOTE 6 – SUBSEQUENT EVENTS:

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 2021.

The Council has evaluated subsequent events through October 29, 2020, 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, 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	-
Special Events: Arts Visionary Awards	-	-
	<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
Net Assets:		
Beginning of Year	141,060	134,825
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End of Year	\$ 190,757	\$ 160,875
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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, 2019

	Arts & Business Council of Greater Nashville	Fiscally Sponsored Organizations
Revenues and Other Support:		
Corporate Contributions and Grants	\$ 59,641	\$ 281,022
Individual Giving	35,456	-
Program Fees	35,067	(375)
Education and Seminars	23,770	-
Membership Dues	5,405	-
Other Revenue	152	-
Special Events: Arts Immersion	25,727	-
Special Events: Arts Visionary Awards	22,825	-
	<hr/>	<hr/>
Total Revenues and Other Support	208,043	280,647
	<hr/>	<hr/>
Expenses:		
Salaries and Related Expenses	134,555	-
Programs	1,005	178,604
Education and Seminars	17,630	-
Professional fees	3,525	-
Special Events	15,054	-
Meetings and Travel	3,715	-
Insurance	3,364	-
Office Expenses	2,237	-
Marketing	1,067	-
Fundraising	627	-
Miscellaneous	104	-
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Total Expenses	182,883	178,604
	<hr/>	<hr/>
Excess of Revenue Over Expenses	25,160	102,043
Net Assets:		
Beginning of Year	115,900	32,782
	<hr/>	<hr/>
End of Year	\$ 141,060	\$ 134,825
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See Independent Auditor's Report and Notes to Financial Statements.