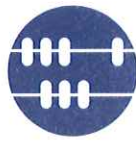


**NASHVILLE FILM FESTIVAL
FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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EBD

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, 2018 and 2017, 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, 2018 and 2017, 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.

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.

Ernst & Young, Bateman & Dams, PLLC

March 15, 2019

**NASHVILLE FILM FESTIVAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

ASSETS			
		2018	2017
Current assets			
Cash		\$ 8,892	\$ 34,131
Accounts receivable		25,085	24,338
Prepaid expenses		<u>2,895</u>	<u>3,886</u>
Total current assets		36,872	62,355
Equipment, net		<u>9,872</u>	<u>17,831</u>
Total assets		<u><u>\$ 46,744</u></u>	<u><u>\$ 80,186</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 2,102	\$ 4,038
Line of credit		<u>6,000</u>	<u>-</u>
Total current liabilities		8,102	4,038
Net assets without donor restrictions		<u>38,642</u>	<u>76,148</u>
Total liabilities and net assets		<u><u>\$ 46,744</u></u>	<u><u>\$ 80,186</u></u>

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

**NASHVILLE FILM FESTIVAL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenues and other support		
Festival fees and sales	\$ 270,072	\$ 320,588
Corporate sponsors	196,750	228,355
Grants	152,338	145,786
Membership dues	35,746	52,232
Fundraising events	16,064	11,116
Contributions	13,791	7,493
Interest income	143	107
Contributions in-kind	113,400	286,633
	<u>798,304</u>	<u>1,052,310</u>
Total revenues and other support		
Expenses		
Festival and programs	632,262	784,525
Management and general	138,224	182,754
Fundraising	65,324	64,146
	<u>835,810</u>	<u>1,031,425</u>
Total expenses		
Increase (decrease) in net assets without donor restrictions	(37,506)	20,885
Net assets, beginning of year	<u>76,148</u>	<u>55,263</u>
Net assets, end of year	<u><u>\$ 38,642</u></u>	<u><u>\$ 76,148</u></u>

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

**NASHVILLE FILM FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	PROGRAM SERVICES	SUPPORT SERVICES		
	<u>Festival</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 143,839	\$ 40,923	\$ 52,982	\$ 237,744
Payroll taxes	12,080	3,367	4,357	19,804
Employee benefits	8,169	2,313	2,956	13,438
	<u>164,088</u>	<u>46,603</u>	<u>60,295</u>	<u>270,986</u>
Total salaries and benefits				
Festival expense	191,773	-	-	191,773
Rent	91,065	15,117	3,779	109,961
Contract services	51,748	11,449	-	63,197
Travel and entertainment	20,896	15,653	-	36,549
Advertising	32,485	2,605	-	35,090
Awards	32,062	2,079	-	34,141
Other events	22,459	-	-	22,459
Dues and subscriptions	-	13,380	-	13,380
Equipment rental	12,900	-	-	12,900
Depreciation	-	7,958	-	7,958
Bank and credit card fees	6,433	763	-	7,196
Insurance	-	6,583	-	6,583
Printing and promotions	5,300	995	-	6,295
Grant expense	6,000	-	-	6,000
Miscellaneous	580	3,398	-	3,978
Telephone	-	2,244	1,209	3,453
Office and supplies	-	2,800	-	2,800
Postage	906	164	41	1,111
	<u>\$ 638,695</u>	<u>\$ 131,791</u>	<u>\$ 65,324</u>	<u>\$ 835,810</u>

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

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

	PROGRAM SERVICES	SUPPORT SERVICES		
	<u>Festival</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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
	<u>\$ 784,525</u>	<u>\$ 182,754</u>	<u>\$ 64,146</u>	<u>\$ 1,031,425</u>

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

NASHVILLE FILM FESTIVAL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (37,506)	\$ 20,885
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,958	7,509
Decrease in prepaid expenses	992	3,601
Increase in accounts receivable	(747)	(24,338)
Decrease in accounts payable	<u>(1,936)</u>	<u>(5,532)</u>
Net cash provided by (used in) operating activities	<u>(31,239)</u>	<u>2,125</u>
Cash flows from investing activities		
Purchase of equipment	<u>-</u>	<u>(6,728)</u>
Net cash used in investing activities	<u>-</u>	<u>(6,728)</u>
Cash flows from financing activities		
Proceeds from line of credit	<u>6,000</u>	<u>-</u>
Net cash provided by financing activities	<u>6,000</u>	<u>-</u>
Net decrease in cash	(25,239)	(4,603)
Cash, beginning of year	<u>34,131</u>	<u>38,734</u>
Cash, end of year	<u><u>\$ 8,892</u></u>	<u><u>\$ 34,131</u></u>
Supplemental cash flow information:		
Interest paid	<u><u>\$ 1,452</u></u>	<u><u>\$ 1,528</u></u>

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

**NASHVILLE FILM FESTIVAL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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:

Net assets without donor restrictions – Net assets which are not subject to donor-imposed restrictions. Board-designated net assets also fall under this classification. As of December 31, 2018 the Organization did not have any board-designated net assets.

Net assets with donor restrictions – Net assets which are subject to donor-imposed restrictions. This includes net assets restricted into perpetuity, restricted for specified purposes, restricted by the passage of time, and for amounts of underwater endowments. As of December 31, 2018 the Organization did not have any net assets with donor restrictions.

Contributions

Contributions received are recorded as restricted or unrestricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

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.

**NASHVILLE FILM FESTIVAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017.

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, 2018. The Organization has exempt organization tax filings open to Internal Revenue Service audit generally for three years after they are filed.

**NASHVILLE FILM FESTIVAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$35,090 and \$78,128 in 2018 and 2017, respectively.

Description of Functional Expense Allocations

The financial statements report functional expenses the attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated upon the estimates of time and effort are salaries and wages, payroll taxes, and employee benefits. The expenses that are allocated upon square footage are rental expense for support services. All other expenses are reported directly on the statement of functional expenses.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after December 31, 2018, 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, 2018 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, 2018 and 2017, is as follows:

	2018	2017
Office Equipment	\$ 39,792	\$ 76,236
Less: accumulated depreciation	<u>(29,920)</u>	<u>(58,405)</u>
	<u>\$ 9,872</u>	<u>\$ 17,831</u>

**NASHVILLE FILM FESTIVAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 balance of \$6,000 as of December 31, 2018. There was no balance due on the line of credit as of December 31, 2017.

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 credit card was \$2,102 and \$4,038 as of December 31, 2018 and 2017, respectively.

NOTE 4 - DONATED SERVICES

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

	2018	2017
Contributions in-kind		
Rent	\$ 50,000	\$ 140,277
Advertising	25,600	64,630
Festival expense	27,800	43,150
Equipment rental	10,000	22,500
Contract services	-	12,831
Printing	-	2,245
Guest travel	-	1,000
	<u>\$ 113,400</u>	<u>\$ 286,633</u>
Total contributions in-kind		
	<u>\$ 113,400</u>	<u>\$ 286,633</u>
Expenses		
Functional expenses:		
Festival and programs	<u>\$ 113,400</u>	<u>\$ 286,633</u>
Increase in net assets	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - LIQUIDITY AND AVAILABLE RESOURCES

The Organization has \$33,977 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting substantially of cash amount of \$8,892, and accounts receivable of \$25,085. None of the financial assets are subject to donor or other contractual restrictions. The Organization also maintains a line of credit to manage cash flows during intermittent times between the major program income, and the receipt of grant funds.

SUPPLEMENTAL INFORMATION

NASHVILLE FILM FESTIVAL
SCHEDULE OF ACTIVITIES - BEFORE IN-KIND ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Revenues and other support	
Festival fees and sales	\$ 270,072
Corporate sponsors	196,750
Grants	152,338
Membership dues	35,746
Contributions	16,064
Fundraising events	13,791
Interest	<u>143</u>
Total revenues and other support before in-kind contributions	<u>684,904</u>
Expenses	
Festival and programs	518,862
Management and general	138,224
Fundraising	<u>65,324</u>
Total expenses before in-kind expenses	<u>722,410</u>
Decrease in net assets before in-kind activities	<u><u>\$ (37,506)</u></u>

NASHVILLE FILM FESTIVAL
SCHEDULE OF FUNCTIONAL EXPENSES - BEFORE IN-KIND ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES	SUPPORT SERVICES		
	<u>Festival</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 143,839	\$ 40,923	\$ 52,982	\$ 237,744
Payroll taxes	12,080	3,367	4,357	19,804
Employee benefits	8,169	2,313	2,956	13,438
 Total salaries and benefits	 164,088	 46,603	 60,295	 270,986
 Festival expense	 163,973	 -	 -	 163,973
Rent	41,065	15,117	3,779	59,961
Contract services	51,748	11,449	-	63,197
Travel and entertainment	20,896	15,653	-	36,549
Advertising	6,885	2,605	-	9,490
Awards	32,062	2,079	-	34,141
Other events	22,459	-	-	22,459
Dues and subscriptions	-	13,380	-	13,380
Equipment rental	2,900	-	-	2,900
Depreciation	-	7,958	-	7,958
Bank and credit card fees	6,433	763	-	7,196
Insurance	-	6,583	-	6,583
Printing and promotions	5,300	995	-	6,295
Grant expense	6,000	-	-	6,000
Miscellaneous	580	3,398	-	3,978
Telephone	-	2,244	1,209	3,453
Office and supplies	-	2,800	-	2,800
Postage	906	164	41	1,111
	<u>\$ 525,295</u>	<u>\$ 131,791</u>	<u>\$ 65,324</u>	<u>\$ 722,410</u>