

**NASHVILLE CIVIC DESIGN CENTER**

**FINANCIAL STATEMENTS**

**June 30, 2005**

## TABLE OF CONTENTS

Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements .....	6 – 9



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Nashville Civic Design Center  
Nashville, Tennessee

We have audited the accompanying statement of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Civic Design Center as of June 30, 2005, and the changes its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Frasier, Dean & Howard, PLLC*

December 14, 2005

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2005**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 39,001
Contributions receivable, current	<u>18,000</u>
Total current assets	<u>57,001</u>
Contributions receivable, non-current	20,000
Plan of Nashville book inventory	9,104
Furniture and equipment, net	<u>12,626</u>
Total assets	<u><u>\$ 98,731</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable, University of Tennessee	\$ 38,037
Accrued expenses	<u>11,489</u>
Total current liabilities	<u>49,526</u>
Net assets:	
Unrestricted	11,205
Temporarily restricted	<u>38,000</u>
Total net assets	<u>49,205</u>
Total liabilities and net assets	<u><u>\$ 98,731</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 190,636	\$ -	\$ 190,636
Grant revenue	100,000	-	100,000
Special events	93,233	-	93,233
Contributions	38,589	8,000	46,589
Book sales	30,520	-	30,520
Other	22,642	-	22,642
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total public support and revenue	<u>485,620</u>	<u>(2,000)</u>	<u>483,620</u>
Expenses:			
Program services	358,360	-	358,360
Supporting services:			
General and administrative	92,144	-	92,144
Fundraising	<u>48,650</u>	<u>-</u>	<u>48,650</u>
Total supporting services	<u>140,794</u>	<u>-</u>	<u>140,794</u>
Total expenses	<u>499,154</u>	<u>-</u>	<u>499,154</u>
Change in net assets	(13,534)	(2,000)	(15,534)
Net assets - beginning of year	<u>24,739</u>	<u>40,000</u>	<u>64,739</u>
Net assets - end of year	<u><u>\$ 11,205</u></u>	<u><u>\$ 38,000</u></u>	<u><u>\$ 49,205</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2005**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	
Salaries and payroll taxes	\$ 87,147	\$ 61,190	\$ 19,947	\$ 168,284
Employee benefits	4,180	1,520	633	6,333
Total compensation	91,327	62,710	20,580	174,617
In-kind expense	178,824	8,859	2,953	190,636
Cost of books sold	50,469	-	-	50,469
Fundraising event costs	-	-	24,283	24,283
Office rent	9,600	1,800	600	12,000
Equipment lease and maintenance	6,356	706	-	7,062
Telecommunications	4,481	498	-	4,979
Professional development and dues	4,936	-	-	4,936
Office supplies	3,748	703	234	4,685
Insurance	-	3,783	-	3,783
Other	794	2,643	-	3,437
Moving	-	3,041	-	3,041
Professional fees	-	2,972	-	2,972
Janitorial	-	2,760	-	2,760
Parking	734	898	-	1,632
Meetings	1,255	139	-	1,394
Educational and advocacy outreach	147	-	-	147
	261,344	28,802	28,070	318,216
Total expenses before depreciation	352,671	91,512	48,650	492,833
Depreciation	5,689	632	-	6,321
Total expenses	<u>\$ 358,360</u>	<u>\$ 92,144</u>	<u>\$ 48,650</u>	<u>\$ 499,154</u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2005**

Cash flows from operating activities:	
Change in net assets	\$ (15,534)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	6,321
Loss on disposal of equipment	338
Changes in operating assets and liabilities:	
Contributions receivable	2,000
Plan of Nashville book inventory	(9,104)
Accounts payable and accrued expenses	<u>11,489</u>
Net cash used in operating activities	<u>(4,490)</u>
Cash flows from investing activities:	
Purchases of equipment	<u>(1,000)</u>
Net cash used in investing activities	<u>(1,000)</u>
Net decrease in cash and cash equivalents	(5,490)
Cash and cash equivalents - beginning of year	<u>44,491</u>
Cash and cash equivalents - end of year	<u><u>\$ 39,001</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business and Nature of Activities**

Nashville Civic Design Center (the “Organization”) is a non-profit Organization founded in 2000 and located in Nashville, Tennessee. The Organization is dedicated to elevating the quality of Nashville’s built environment and promoting public participation in the creation of a more beautiful and functional city for all. The Organization also provides a central source of technical advice for the design of livable, vital urban spaces in Nashville and serves as a community resource for education and advocacy of these issues. The Organization’s biggest project to date is the creation of the *Plan of Nashville*, a community-based, fifty-year vision for the city of Nashville.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2005.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**Income Taxes**

Nashville Civic Design Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.



**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all cash and investment instruments with original maturities when purchased of three months or less to be cash equivalents.

**Inventory**

Inventory, which consists of *Plan of Nashville* books, is stated at the lower of cost or market determined by the first-in, first out method.

**Furniture and Equipment**

Furniture and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line and accelerated methods over the estimated useful lives of the respective assets (ranging from three to seven years). The Organization's policy is to capitalize any expenditures over \$250 that are capital in nature. Expenditures for repairs and maintenance are charged to expense as incurred.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation (Note 7).

**Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon the estimates of management.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are comprised of unconditional promises to give with collection periods through June 30, 2008. At June 30, 2005, contributions receivable are as follows:

Receivable in less than one year	\$ 18,000
Receivable in one to five years	<u>20,000</u>
Total pledges receivable	<u>\$ 38,000</u>

No allowance for uncollectible contributions has been recorded, as all amounts are deemed collectible by management at June 30, 2005.

**NOTE 3 – FURNITURE AND EQUIPMENT**

Furniture and equipment at June 30, 2005, consists of the following:

Furniture and equipment	\$ 52,119
Less: accumulated depreciation	<u>(39,493)</u>
	<u>\$ 12,626</u>

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of contributions receivable for future year program expenses. Amounts restricted were \$38,000 at June 30, 2005.

**NOTE 5 – UNIVERSITY OF TENNESSEE PAYABLE**

During the 2004 fiscal year the Organization received services from a University of Tennessee employee. The Organization committed to pay a portion of the employee's salary directly to the University of Tennessee. As of June 30, 2005 \$38,037 remained due under this agreement. The balance is presented as a current liability in the accompanying statement of financial position.

**NOTE 6 – OPERATING LEASES**

The Organization leases office space under an agreement that expires May 2007. Total rent expense paid for the year ended June 30, 2005, was \$12,000. The office space is rented from a contributor at a rate below market. The Organization recognized \$59,060 for the year ended June 30, 2005 as in-kind rent.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 6 – OPERATING LEASES (Continued)**

Future minimum lease payments are as follows for years ending June 30:

2006	\$ 12,000
2007	<u>12,000</u>
	<u>\$ 24,000</u>

**NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES**

During the year ended June 30, 2005, the Organization received in-kind contributions as follows:

Office rent below market value	\$ 59,060
Employee salaries and benefits	<u>131,576</u>
	<u>\$ 190,636</u>

**NOTE 8 – CONCENTRATIONS**

The Organization receives a substantial amount of its public support and revenue from government grants. The Organization also had a significant amount of in-kind contributions. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

**NOTE 9 – FUNDRAISING**

The following is a summary of fundraising contributions received and expenses incurred for each major fundraising activity:

	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Plan of Nashville Luncheon	\$ 73,300	\$ 23,874	\$ 49,426
Downtown Home Tour	<u>19,933</u>	<u>409</u>	<u>19,524</u>
	<u>\$ 93,233</u>	<u>\$ 24,283</u>	<u>\$ 68,950</u>