

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2007 and 2006

NASHVILLE CIVIC DESIGN CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nashville Civic Design Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 audits provide 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, 2007 and 2006, 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.

Frasier, Dean & Howard, PLLC

December 11, 2007

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,568	\$ 59,837
Certificate of deposit	42,000	-
Accounts receivable	12,650	1,584
Contributions receivable, current	<u>10,000</u>	<u>10,000</u>
Total current assets	127,218	71,421
Contributions receivable, non-current	-	10,000
Plan of Nashville book inventory	-	3,468
Furniture and equipment, net	<u>8,338</u>	<u>15,350</u>
Total assets	<u>\$ 135,556</u>	<u>\$ 100,239</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 26,011	\$ 41,453
Accrued expenses	<u>4,305</u>	<u>4,305</u>
Total current liabilities	<u>30,316</u>	<u>45,758</u>
Net assets:		
Unrestricted	81,040	34,481
Temporarily restricted	<u>24,200</u>	<u>20,000</u>
Total net assets	<u>105,240</u>	<u>54,481</u>
Total liabilities and net assets	<u>\$ 135,556</u>	<u>\$ 100,239</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 243,644	\$ -	\$ 243,644
Special events	171,540	10,000	181,540
Grant revenue	81,000	-	81,000
Contributions	42,334	4,200	46,534
Other	10,566	-	10,566
Book sales	2,190	-	2,190
Net assets released from restrictions	10,000	(10,000)	-
	<u>561,274</u>	<u>4,200</u>	<u>565,474</u>
Total public support and revenue			
Expenses:			
Program services	<u>323,626</u>	<u>-</u>	<u>323,626</u>
Supporting services:			
General and administrative	79,514	-	79,514
Fundraising	<u>111,575</u>	<u>-</u>	<u>111,575</u>
Total supporting services	<u>191,089</u>	<u>-</u>	<u>191,089</u>
Total expenses	<u>514,715</u>	<u>-</u>	<u>514,715</u>
Change in net assets	46,559	4,200	50,759
Net assets - beginning of year	<u>34,481</u>	<u>20,000</u>	<u>54,481</u>
Net assets - end of year	<u>\$ 81,040</u>	<u>\$ 24,200</u>	<u>\$ 105,240</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 213,389	\$ -	\$ 213,389
Special events	123,253	-	123,253
Grant revenue	93,750	-	93,750
Contributions	54,749	-	54,749
Other	12,473	-	12,473
Book sales	6,594	-	6,594
Net assets released from restrictions	<u>18,000</u>	<u>(18,000)</u>	<u>-</u>
Total public support and revenue	<u>522,208</u>	<u>(18,000)</u>	<u>504,208</u>
Expenses:			
Program services	<u>365,267</u>	<u>-</u>	<u>365,267</u>
Supporting services:			
General and administrative	70,818	-	70,818
Fundraising	<u>62,847</u>	<u>-</u>	<u>62,847</u>
Total supporting services	<u>133,665</u>	<u>-</u>	<u>133,665</u>
Total expenses	<u>498,932</u>	<u>-</u>	<u>498,932</u>
Change in net assets	23,276	(18,000)	5,276
Net assets - beginning of year	<u>11,205</u>	<u>38,000</u>	<u>49,205</u>
Net assets - end of year	<u><u>\$ 34,481</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 54,481</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2007

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 60,571	\$ 48,378	\$ 31,498	\$ 140,447
Employee benefits	5,157	1,875	781	7,813
Total compensation	65,728	50,253	32,279	148,260
In-kind expense	202,860	8,859	31,925	243,644
Fundraising event costs	-	-	46,041	46,041
Office rent	9,600	1,800	600	12,000
Professional development and dues	7,954	-	-	7,954
Other	2,171	4,714	36	6,921
Equipment lease and maintenance	5,322	671	89	6,082
Television production	6,028	-	-	6,028
Professional fees	488	5,163	-	5,651
Telecommunications	3,634	681	227	4,542
Insurance	-	4,208	-	4,208
Meetings	3,916	180	-	4,096
Office supplies	3,098	581	194	3,873
Janitorial	2,336	438	146	2,920
Cost of books sold	2,633	-	-	2,633
Parking	943	1,152	-	2,095
Printing	604	113	38	755
Total expenses before depreciation	317,315	78,813	111,575	507,703
Depreciation	6,311	701	-	7,012
Total expenses	<u>\$ 323,626</u>	<u>\$ 79,514</u>	<u>\$ 111,575</u>	<u>\$ 514,715</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2006

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 108,666	\$ 41,656	\$ 30,789	\$ 181,111
Employee benefits	3,424	1,245	519	5,188
Total compensation	112,090	42,901	31,308	186,299
In-kind expense	201,577	8,859	2,953	213,389
Fundraising event costs	-	-	27,376	27,376
Office rent	9,600	1,800	600	12,000
Professional development and dues	9,433	-	-	9,433
Cost of books sold	6,808	-	-	6,808
Equipment lease and maintenance	5,474	608	-	6,082
Other	1,488	3,693	-	5,181
Professional fees	-	4,800	-	4,800
Office supplies	3,470	650	217	4,337
Telecommunications	3,170	594	198	3,962
Insurance	-	3,666	-	3,666
Meetings	3,068	341	-	3,409
Janitorial	2,208	414	138	2,760
Parking	1,166	1,426	-	2,592
Printing	904	169	57	1,130
Moving	-	362	-	362
Total expenses before depreciation	360,456	70,283	62,847	493,586
Depreciation	4,811	535	-	5,346
Total expenses	<u>\$ 365,267</u>	<u>\$ 70,818</u>	<u>\$ 62,847</u>	<u>\$ 498,932</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 50,759	\$ 5,276
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,012	5,346
Changes in operating assets and liabilities:		
Contributions receivable	10,000	18,000
Accounts receivable	(11,066)	(1,584)
Plan of Nashville book inventory	3,468	5,636
Accounts payable and accrued expenses	<u>(15,442)</u>	<u>(3,768)</u>
Net cash provided by operating activities	<u>44,731</u>	<u>28,906</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	(42,000)	-
Purchases of equipment	<u>-</u>	<u>(8,070)</u>
Net cash used in investing activities	<u>(42,000)</u>	<u>(8,070)</u>
Net increase in cash and cash equivalents	2,731	20,836
Cash and cash equivalents - beginning of year	<u>59,837</u>	<u>39,001</u>
Cash and cash equivalents - end of year	<u><u>\$ 62,568</u></u>	<u><u>\$ 59,837</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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, 2007 or 2006.

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.

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.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

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

	<u>2007</u>	<u>2006</u>
Receivable in less than one year	\$ 10,000	\$ 10,000
Receivable in one to five years	<u>-</u>	<u>10,000</u>
Total pledges receivable	<u>\$ 10,000</u>	<u>\$ 20,000</u>

No allowance for uncollectible contributions has been recorded, as all amounts are deemed collectible by management at June 30, 2007.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of June 30:

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 60,189	\$ 60,189
Less: accumulated depreciation	<u>(51,851)</u>	<u>(44,839)</u>
	<u>\$ 8,338</u>	<u>\$ 15,350</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions receivable for future year program and fundraising expenses. Amounts restricted were \$24,200 and \$20,000 at June 30, 2007 and 2006, respectively.

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. The balance due under this agreement totaled \$23,037 and \$33,037 as of June 30, 2007 and 2006, respectively. The balance is presented as a current liability in the accompanying statements of financial position.

NOTE 6 – OPERATING LEASES

The Organization leases office space under an agreement that expires May 2008. Total rent payments were \$12,000 for each of the years ended June 30, 2007 and 2006. The office space is rented from a contributor at a rate below market. The Organization recognized \$59,060 for the years ended June 30, 2007 and 2006 as in-kind rent.

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES

During the years ended June 30, 2007 and 2006, the Organization received in-kind contributions as follows:

	<u>2007</u>	<u>2006</u>
Office rent below market value	\$ 59,060	\$ 59,060
Employee salaries and benefits	154,087	154,329
Goods and services	<u>30,497</u>	<u>-</u>
	<u>\$ 243,644</u>	<u>\$ 213,389</u>

NOTE 8 – CONCENTRATIONS

The Organization receives a significant amount of its public support and revenue from government grants. The Organization also had a substantial 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.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 9 – FUNDRAISING

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

	June 30, 2007		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Plan of Nashville Luncheon	\$ 109,325	\$ 24,049	\$ 85,276
Downtown Home Tour	33,885	1,683	32,202
Urban 10-K	<u>28,330</u>	<u>20,309</u>	<u>8,021</u>
	<u>\$ 171,540</u>	<u>\$ 46,041</u>	<u>\$ 125,499</u>

	June 30, 2006		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Plan of Nashville Luncheon	\$ 97,230	\$ 24,496	\$ 72,734
Downtown Home Tour	<u>26,023</u>	<u>2,880</u>	<u>23,143</u>
	<u>\$ 123,253</u>	<u>\$ 27,376</u>	<u>\$ 95,877</u>