

2021
Financial Statements
With
Auditor's Letters

NASHVILLE CIVIC DESIGN CENTER

d.b.a. CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

JUNE 30, 2021

(With Independent Auditor's Report Thereon)

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
FINANCIAL STATEMENTS
JUNE 30, 2021

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Nashville Civic Design Center
d.b.a Civic Design Center

We have audited the accompanying financial statements of Nashville Civic Design Center d.b.a Civic Design Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 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 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 Nashville Civic Design Center d.b.a Civic Design Center as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in NOTE 12 to the financial statements, a prior period adjustment was recorded to properly state the beginning balances of net assets with and without donor restrictions. Our opinion is not modified with respect to this matter.

Patterson Hardee & Ballentine

March 9, 2022

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 541,544
Accounts receivable	51,808
Prepays	2,161
Undeposited funds	635
Total current assets	<u>596,148</u>
 Furniture and Equipment, net	 339,336
Total assets	<u><u>\$ 935,484</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 33,674
Accrued expenses	13,611
Deferred revenue	120,223
Note payable, current	23,707
Total current liabilities	<u>191,215</u>
 Note payable, less current portion	 75,865
Total liabilities	<u>267,080</u>
 Net Assets:	
Without donor restrictions	497,895
With donor restrictions	170,509
Total net assets	<u>668,404</u>
Total liabilities and net assets	<u><u>\$ 935,484</u></u>

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Special events	\$ 228,372	\$ -	\$ 228,372
Less direct cost of special events	(47,762)	-	(47,762)
Net special events revenue	180,610	-	180,610
Grant revenue	169,658	-	169,658
In-kind contributions	68,130	-	68,130
Contributions	442,714	181,925	624,639
Memberships	48,157	-	48,157
Other	38,128	-	38,128
PPP loan forgiveness	120,223	-	120,223
Net assets released from restrictions	73,011	(73,011)	-
Total public support and revenue	1,140,631	108,914	1,249,545
Expenses:			
Program services	594,017	-	594,017
Supporting Services:			
General and administrative	379,848	-	379,848
Fundraising	1,707	-	1,707
Total expenses	975,572	-	975,572
Change in net assets	165,059	108,914	273,973
Net assets - beginning of year, as previously reported	256,153	138,278	394,431
Prior period adjustment	76,683	(76,683)	-
Net assets - beginning of year, restated	332,836	61,595	394,431
Net assets - end of Year	497,895	170,509	668,404

See accompanying notes to financial statements.

NASHVILLE CIVIC DESIGN CENTER
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and payroll taxes	\$ 251,575	\$ 231,039	\$ 30,805	\$ 513,419
Employee benefits	22,545	21,100	2,763	46,408
Total Compensation	274,120	252,139	33,568	559,827
Productions	199,223	-	-	199,223
Office rent (includes in-kind rent of \$65,018)	68,334	15,375	1,709	85,418
Depreciation	-	50,956	-	50,956
Professional fees	24,022	759	505	25,286
Accounting	-	20,450	-	20,450
Bad debt	-	18,436	-	18,436
Fundraising event costs	-	-	13,019	13,019
Software	7,170	1,344	449	8,963
Office renovation	-	7,701	-	7,701
Telecommunications	5,643	1,270	141	7,054
Equipment lease and maintenance	5,627	625	-	6,252
Professional development and dues	4,265	87	-	4,352
Interest	-	3,429	-	3,429
Banking fees	-	3,323	-	3,323
Insurance	-	2,868	-	2,868
Office supplies	2,296	351	54	2,701
Marketing	1,328	332	-	1,660
Janitorial	1,400	-	-	1,400
Meetings	390	73	24	487
Taxes & licenses	-	330	-	330
Travel	116	-	-	116
Other	83	-	-	83
Total expenses by function	594,017	379,848	49,469	1,023,334
Less expenses included with revenues on the statement of activities:				
Direct cost of special events	-	-	(47,762)	(47,762)
Total Expenses	<u>\$ 594,017</u>	<u>\$ 379,848</u>	<u>\$ 1,707</u>	<u>\$ 975,572</u>

See accompanying notes to financial statements.

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities:	
Change in net assets	\$ 273,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
PPP loan forgiveness	(120,223)
Depreciation	50,956
Note payable discount	3,429
Changes in:	
Accounts receivable	124,659
Prepays and other assets	(2,796)
Accounts payable and accrued expenses	(9,287)
Net cash provided by operating activities	<u>320,711</u>
Cash Flows From Investing Activities:	
Purchase of furniture and equipment	(19,556)
Net cash used in investing activities	<u>(19,556)</u>
Cash Flows From Financing Activities	
Proceeds from Paycheck Protection Program loan	120,223
Repayments on notes payable	(30,920)
Net cash provided by investing activities	<u>89,303</u>
Net increase in cash	390,458
Cash - beginning of year	151,086
Cash - end of year	<u>\$ 541,544</u>

See accompanying notes to financial statements.

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities and Program Description

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, 50-year vision for the city of Nashville.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets 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 organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions, Support and Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contract revenue is recognized in accordance with generally accepted accounting principles in the United States of America, when performance obligations are satisfied, as described below.

Contributions are recognized when cash or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

NASHVILLE CIVIC DESIGN CENTER
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FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (continued)

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our contracts typically have one performance obligation, which is providing nature programs to customers. For these contracts, we will allocate transaction prices to the performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract.

The primary method used to estimate standalone selling price is the expected cost plus a margin approach, which forecasts the expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct service.

Performance Obligations Satisfied at a Point in Time

All of our performance obligations are satisfied at a point and time, at which revenue is recognized. Upon fulfillment of the performance obligation, the customer is provided an invoice demonstrating transfer of control to the customer. We believe that point in time recognition remains appropriate for this segment and will continue to recognize revenues upon completion of the performance obligation and issuance of an invoice.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable, consisting primarily of amounts due on current projects of the Organization. Accordingly, \$18,436 allowance for doubtful accounts has been provided.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

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.

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$1,660 for the years ended June 30, 2021.

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NOTE 1 – Summary of Significant Accounting Policies (continued)

In-Kind Contributions

In-kind contributions 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.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. 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 U.S. GAAP requires management to make estimates and assumptions that affect 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 support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

Expenses that can be directly attributed to one function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time incurred.

NOTE 2 – Availability and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services, as well as conduct of services undertaken to support those activities to be general expenditures.

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 2 – Availability and Liquidity (continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2021:

Financial assets at year-end:

Cash and cash equivalents	\$ 541,544
Accounts receivable	<u>51,808</u>
Total financial assets	593,352

Less amounts not available to be used for general expenditures within one year:

Net assets subject to restrictions	<u>(170,509)</u>
Financial assets available to meet cash needed for general expenditures within one year	<u>\$ 422,843</u>

NOTE 3 – Furniture and Equipment

Furniture and equipment consists of the following:

Furniture and equipment	\$ 441,483
Less accumulated depreciation	<u>(102,147)</u>
Total furniture and equipment	<u>\$ 339,336</u>

NOTE 4 – Paycheck Protection Program Loan

On April 29, 2020, the Organization received a First Draw of the Paycheck Protection Program ("PPP") in the amount of \$120,223. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). PPP loans are considered conditional contributions under Accounting Standards Codification 958-605, Not-for-Profit Entities – Revenue Recognition. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. On November 2, 2020, the First Draw PPP loan was fully forgiven, and the balance of the loan was recognized as PPP loan forgiveness revenue on the Statement of Activities for the year ended June 30, 2021.

On January 28, 2021, the Organization received a Second Draw of the Paycheck Protection Program ("PPP") in the amount of \$120,223. This loan is recorded as deferred revenue on the statement of financial position as of June 30, 2021, because the conditions for forgiveness have not been substantially met.

NOTE 5 – Note Payable

The Organization entered in a note payable with their lessor for leasehold improvements in fiscal year 2020. The note is noninterest bearing, payable in monthly principal installments of \$2,378 through March 2025. The note payable has an undiscounted balance outstanding of \$105,242 at June 30, 2021. A discount rate ranging of 3.25% (risk adjusted rate) was applied to arrive at net present value of the note payable at issuance. The discount is being amortized to interest expense using the interest method over the respective term of the note. The unamortized discount at June 30, 2021, amounted to \$5,670.

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NOTE 5 – Note Payable (continued)

Annual principal maturities of the note payable as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 23,707
2023	24,489
2024	25,297
2025	26,079
	<u>\$ 99,572</u>

NOTE 6 – Line of Credit

During April 2020, the Organization entered into a revolving line of credit with a lender. The line of credit bears interest at a variable rate (3.25% at June 30, 2021) and allows borrowings up to \$100,000. The line of credit is secured by all assets of the Organization. The Organization did not have any borrowings outstanding during the year ended June 30, 2021.

NOTE 7 – Restrictions on Net Assets

Net assets with donor restrictions consists of the following:

Design Your Neighborhood	\$ 66,398
Amazon	25,000
Memorial Foundation	39,942
Scott Chambers	5,000
Community Foundation	34,169
Total net assets with donor restrictions	<u>\$ 170,509</u>

In addition, although not specifically restricted, the Board of Directors has designated certain funds to be held for a specific intended purpose. This amount as of June 31, 2021, is as follows:

Brown Family Contribution	<u>\$ 25,376</u>
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NOTE 8 – Operating Leases

The Organization leases office space under an agreement that originally expired May 2010 and has been extended under similar terms for periods of two years. This agreement is currently extended through December 31, 2024. Total rent payments were \$20,400 for the years ended June 30, 2021. The office space is rented from a contributor at a rate below market value. The Organization recognized \$65,018 for the years ended June 30, 2021, as in-kind rent (NOTE 9).

Minimum payments for operating lease commitments at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 68,602
2023	68,602
2024	67,438
2025	65,808
2026	32,904
	<u>\$ 303,354</u>

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NOTE 9 – In-kind Contributions and Expenses

The Organization received in-kind contributions as follows:

Office rent payments donations	\$ 21,787
Office rent below market value	44,618
Goods and services	1,725
Total in-kind contributions	<u>\$ 68,130</u>

NOTE 10 – Concentrations

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

At June 30, 2021, we owed 72% of our payables to three vendors.

At June 30, 2021, we were due 36% of our receivables from one grantor.

NOTE 11 – Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of our operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results due to families not wanting services due to the uncertainty of the virus; however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 12 – Prior Period Adjustment

An adjustment was made to properly restate net assets with donor restrictions at the beginning of the year ended June 30, 2021. The adjustment corrected a \$76,683 overstatement of net assets with donor restrictions, and reclassified it as net assets without donor restrictions.

NOTE 13 – New Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, Leases (Topic 842). The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2021, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

NOTE 14 – Subsequent Events

The Organization evaluated subsequent events through March 9, 2022, the date the financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.