

**NASHVILLE JAZZ WORKSHOP**

**FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**NASHVILLE JAZZ WORKSHOP  
FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

**CLAYTON & ROYALTY**  
*Certified Public Accountants*

*Office Address*  
1107 Virginia Avenue  
Murfreesboro, Tennessee 37130  
(615) 895-9026 Telephone

*American Institute of Certified Public Accountants*  
*Tennessee Society of Certified Public Accountants*

*Mailing Address*  
P. O. Box 10548  
Murfreesboro, TN 37129-0548  
(615) 216-6012 Facsimile

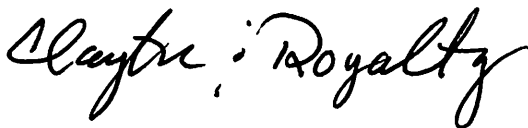
**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Nashville Jazz Workshop  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Jazz Workshop (a nonprofit organization) as of December 31, 2009 and 2008, 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 our 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 for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Jazz Workshop as of December 31, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 5, 2010  
Murfreesboro, Tennessee

**NASHVILLE JAZZ WORKSHOP**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 131,464	\$ 115,872
Grants receivable	<u>-</u>	<u>1,520</u>
Total current assets	131,464	117,392
Property and equipment, at cost or fair market value at date of donation, less accumulated depreciation	<u>36,843</u>	<u>37,489</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 168,307</u></u>	<u><u>\$ 154,881</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>4,635</u>	<u>7,384</u>
Total current liabilities	4,635	7,384
<b>NET ASSETS</b>		
Unrestricted	163,672	134,788
Temporarily Restricted	<u>-</u>	<u>12,709</u>
Total net assets liabilities	<u>163,672</u>	<u>147,497</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 168,307</u></u>	<u><u>\$ 154,881</u></u>

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

**NASHVILLE JAZZ WORKSHOP**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2009 and 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2008</u>
<b>Support and revenues:</b>				
Tuition	\$ 111,952	\$ -	\$ 111,952	\$ 115,864
Grants	-	60,215	60,215	75,070
Fundraising	39,180	-	39,180	50,980
Admissions	37,105	-	37,105	34,100
Contributions and sponsorships	27,538	-	27,538	51,515
Other	5,667	-	5,667	3,401
Merchandise income	980	-	980	1,800
Net assets released from temporary restriction	<u>72,924</u>	<u>(72,924)</u>	<u>-</u>	<u>-</u>
Total support and revenues	295,346	(12,709)	282,637	332,730
<b>Expenses:</b>				
Program services	223,954	-	223,954	222,449
Management and general	<u>42,508</u>	<u>-</u>	<u>42,508</u>	<u>47,462</u>
Total expenses	<u>266,462</u>	<u>-</u>	<u>266,462</u>	<u>269,911</u>
Net increase (decrease)	28,884	(12,709)	16,175	62,819
Net assets, beginning of year	<u>134,788</u>	<u>12,709</u>	<u>147,497</u>	<u>84,678</u>
Net assets, end of year	<u>\$ 163,672</u>	<u>\$ 0</u>	<u>\$ 163,672</u>	<u>\$ 147,497</u>

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

**NASHVILLE JAZZ WORKSHOP**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2009 and 2008**

	Program Services	Management and General	Total Expenses	2008
Wages and taxes	\$ 64,376	\$ 16,094	\$ 80,470	\$ 76,216
Contract services	84,098	-	84,098	77,386
Rent	15,360	3,840	19,200	19,200
Professional fees	-	4,000	4,000	7,471
Supplies and materials	11,571	2,893	14,464	10,125
Contributions	7,629	-	7,629	-
Repairs and maintenance	6,137	-	6,137	-
Travel and transportaion	9,445	2,361	11,806	11,690
Employee benefits	7,060	1,765	8,825	-
Utilities	5,701	1,425	7,126	7,839
Promotion and printing	3,333	833	4,166	4,858
Miscellaneous	4,616	1,154	5,770	7,019
Depreciation	4,167	1,160	5,327	7,368
Equipment rent	125	-	125	1,100
Insurance	-	3,825	3,825	1,945
Interest and bank charges	-	3,074	3,074	2,254
Dues and subscriptions	336	84	420	490
Total support and revenues	\$ <u>223,954</u>	\$ <u>42,508</u>	\$ <u>266,462</u>	\$ <u>234,961</u>

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

**NASHVILLE JAZZ WORKSHOP**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 16,175	\$ 62,819
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,327	11,309
(Decrease) increase in accrued expenses	(2,749)	3,098
Decrease in grant receivables	<u>1,520</u>	<u>3,030</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	20,273	80,256
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(4,681)</u>	<u>(33,717)</u>
<b>CASH FLOWS PROVIDED (USED) IN FINANCING ACTIVITIES</b>		
Proceeds from bank loan	-	30,000
Payments on bank loan	<u>-</u>	<u>(30,000)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	15,592	46,539
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>115,872</u>	<u>69,333</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 131,464</u>	<u>\$ 115,872</u>

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

## **NASHVILLE JAZZ WORKSHOP**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

#### **NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Nature of Activities**

Nashville Jazz Workshop (the "Organization") was organized in 2000 as a not-for-profit corporation whose stated charitable purpose is providing student training and performances to the general public specific to jazz music in Nashville, Tennessee.

The sources of revenues are contributions, grants, and earned income from performances and workshops.

##### **Basis of Accounting**

The Organization recognizes revenues and expenses based on the accrual method of accounting. This method recognizes revenue when earned, and expenses are recognized when incurred.

##### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according the three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

##### **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

##### **Property and Equipment**

Property and Equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and resulting gain or loss is reflected in activity of the period. The Organization generally depreciates property and equipment on a straight-line basis over the useful lives of the related assets, estimated to be approximately five years for musical equipment. Office equipment and building improvements are depreciated over seven years.



## **NASHVILLE JAZZ WORKSHOP**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

#### **Revenue Recognition**

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the years ended December 31, 2009 and 2008, \$17,669 and \$8,408, respectively, in grants were received that were classified as temporarily restricted, because they are designated to support performances and operations in 2009.

#### **Cash and Cash Equivalents**

The Organization considers all highly investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

#### **Donated Services and Facilities**

The Organization receives services donated by a number of unpaid volunteers. Because of the difficulty in assigning values for such services, these services are generally not reflected in the accompanying financial statements. However, when an objective, measurable basis exists for valuing donated services or facilities, the amounts thereof are reflected in the financial statements as revenue and expenses. For donated services, no amounts are recorded for the years ended December 31, 2009 and 2008.

#### **Functional Classification of Expenses**

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses and are based upon the guidance included in the *Audit and Accounting Guide for Not-For-Profit Organizations*, issued by the American Institute of Certified Public Accountants. The Organization incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated among the appropriate functions. The most significant of allocated costs are the costs associated with wages and payroll taxes. The Organization allocates these costs primarily using proportional methods based on the time expended by personnel on the various functions.

**NASHVILLE JAZZ WORKSHOP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009 and 2008**

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

**NOTE B – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Buildings	\$ 22,460	\$ 22,460
Office equipment	8,624	5,878
Decorations	5,984	5,746
Classroom equipment	5,612	5,736
Studio equipment	<u>47,753</u>	<u>45,933</u>
Total	90,433	85,753
Accumulated depreciation	<u>(53,590)</u>	<u>(48,264)</u>
Property, plant & equipment, net	<u>\$ 36,843</u>	<u>\$ 37,489</u>

**NOTE C – LEASE OBLIGATIONS**

The Organization leases its office building under an operating lease expiring in 2011. Future minimum lease payments under this agreement are as follows:

2010	\$ 19,200
2011	<u>12,800</u>
	<u>\$ 32,000</u>

The Organization also leases additional space at an off-site facility on an as-needed basis and is not obligated under any agreement. Rent expense was \$19,200 for the years ended December 31, 2009 and 2008.