



RODEFER MOSS

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Accountants' Review Report

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To the Board of Directors
Nashville Jazz Workshop

We have reviewed the accompanying statement of financial position of Nashville Jazz Workshop (a non-profit organization) as of December 31, 2004 and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Nashville Jazz Workshop.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
March 21, 2005

NASHVILLE JAZZ WORKSHOP
Financial Statements
Year Ended December 31, 2004

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NASHVILLE JAZZ WORKSHOP

Financial Statements

Year Ended December 31, 2004

NASHVILLE JAZZ WORKSHOP
Statement of Activities
For the Year Ended December 31, 2004

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Tuition	\$ 102,979	\$ -	\$ 102,979
Grants	16,291	20,117	36,408
Contributions and sponsorships	17,302	-	17,302
Admissions	14,480	-	14,480
Fund raising	6,928	-	6,928
Other	3,042	-	3,042
Net assets released from temporary restriction	<u>9,600</u>	<u>(9,600)</u>	<u>-</u>
 Total unrestricted support and revenues	 <u>170,622</u>	 <u>10,517</u>	 <u>181,139</u> ✓
 Expenses:			
Program services	94,391	-	94,391
Management and general	<u>61,394</u>	<u>-</u>	<u>61,394</u>
 Total expenses	 <u>155,785</u>	 <u>-</u>	 <u>155,785</u> ✓
 Net increase	 14,837	 10,517	 25,354
 Net Assets, beginning of year	 <u>12,118</u>	 <u>9,600</u>	 <u>21,718</u>
 Net Assets, end of year	 <u>\$ 26,955</u>	 <u>\$ 20,117</u>	 <u>\$ 47,072</u>

Fondation \$ 20,117
General \$ 26,955

NASHVILLE JAZZ WORKSHOP
Statement of Financial Position
December 31, 2004

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ASSETS

Current Assets

Cash

\$ 34,402

Total current assets

\$ 34,402

Property and Equipment

Leasehold improvements

22,460

Office furniture

5,002

Classroom equipment

9,386

36,848

Less accumulated depreciation

(21,056)

Property and equipment, net

15,792

Total assets

\$ 50,194

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses

\$ 3,122

Total current liabilities

\$ 3,122

NET ASSETS

Temporarily restricted

20,117

Unrestricted

26,955

47,072

Total liabilities and net assets

\$ 50,194

See notes to financial statements and accountants' review report.

NASHVILLE JAZZ WORKSHOP
Statement of Functional Expenses
For the Year Ended December 31, 2004

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	Program Services	Management and General	Total Expenses
Payroll wages and taxes	\$ 22,014	\$ 22,014	\$ 44,028
Contract services	43,050	2,975	46,025
Rent	14,700	4,900	19,600
Utilities	-	6,888	6,888
Equipment rent	2,653	-	2,653
Supplies and materials	5,609	6,123	11,732
Promotion and printing	-	5,869	5,869
Travel and transportation	3,869	1,680	5,549
Depreciation	-	5,264	5,264
Dues and subscriptions	-	1,250	1,250
Interest and bank charges	-	1,284	1,284
Insurance	-	1,137	1,137
Other production costs	2,496	-	2,496
Miscellaneous	-	2,010	2,010
	<u>\$ 94,391</u>	<u>\$ 61,394</u>	<u>\$ 155,785</u>

See notes to financial statements and accountants' review report.

NASHVILLE JAZZ WORKSHOP
Statement of Cash Flows
For the Year Ended December 31, 2004

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Cash Flows From Operating Activities		
Cash received from support and revenues	\$	181,139
Cash paid to suppliers and employees		(152,611)
Interest paid		<u>(556)</u>
Net cash flows from operating activities	\$	27,972
Cash Flows From Financing Activities		
Principal payments on note payable to officer		<u>(8,000)</u>
Net cash flows from financing activities		<u>(8,000)</u>
Net increase in cash		19,972
Cash, beginning of year		<u>14,430</u>
Cash, end of year	\$	<u><u>34,402</u></u>
Reconciliation of increase in net assets to net cash flows from operating activities:		
Increase in net assets	\$	25,354
Adjustments to reconcile increase in net assets to cash flows from operating activities:		
Depreciation	\$	5,264
Decrease in accounts payable and accrued expenses		<u>(2,646)</u>
		<u>2,618</u>
Net cash flows from operating activities	\$	<u><u>27,972</u></u>

See notes to financial statements and accountants' review report.

NASHVILLE JAZZ WORKSHOP
Notes to Financial Statements
December 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Nashville Jazz Workshop (the “Organization”) was organized in 2000 as a non-profit corporation for the purpose of providing student training and performances to the general public specific to jazz music in Nashville, Tennessee.

Basis of Presentation – The presentation of the financial statements 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 to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

As of December 31, 2004, temporarily restricted net assets represent grant monies received in 2004 designated to be used to support performances and operations in 2005. As of December 31, 2004, there were no net assets or activities classified as permanently restricted.

Use of Estimates and Assumptions – 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. Accordingly, actual results could differ from these estimates.

Property and Equipment – Property and equipment are stated at cost, and depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation expense for the year ended December 31, 2004 was \$5,264.

Revenue Recognition – Recognition of contribution revenue follows the recommendations of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and nature of any donor restrictions. All donor-restricted net assets are reported as an increase in temporarily restricted 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 reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the year ended December 31, 2004, \$20,117 in grants were received that were classified as temporarily restricted, because they are designated to support performances and operations in 2005.

Functional Classification of Expenses – Functional classifications of expenses 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.

NOTE 2 – INCOME TAXES

The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(7).