

NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2017

**NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Nashville Jazz Workshop

We have audited the accompanying statement of financial position of Nashville Jazz Workshop, Inc. as of December 31, 2017, and the related statement of activities, cash flows and functional expenses 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

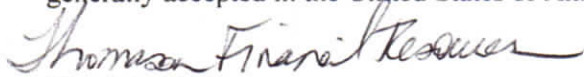
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 consolidated 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 Jazz Workshop as of December 31, 2017, and the changes in 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.


March 1, 2018

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

Current Assets

Cash and cash equivalents	\$ 172,287
Accounts receivable	908
Total current assets	\$ 173,195

Property and Equipment (net of
accumulated depreciation of \$109,634)

3,136

Other Assets

Long-term investments	32,655
Total assets	<u>\$ 208,986</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 14,342
Accrued liabilities	2,913
Total current liabilities	17,255

Net Assets

Unrestricted	134,356
Temporarily restricted	57,375
Total net assets	191,731

Total liabilities and net assets	<u>\$ 208,986</u>
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The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public Support:			
Contributions	\$ 83,182	\$ 200	\$ 83,382
Grant Revenue	84,795	-	84,795
Special event revenue:			
Revenue	112,234	-	112,234
Less direct costs	(63,945)	-	(63,945)
Net revenue from special events	48,289	-	48,289
Total public support	216,266	200	216,466
 Revenue:			
Tuition	129,985	-	129,985
Less: scholarships	(23,306)	-	(23,306)
Net tuition	106,679	-	106,679
Performances	81,227	-	81,227
Sale of merchandise	2,779	-	2,779
Facility rental fees	2,285	-	2,285
Net realized and unrealized gain on investments	1,709	-	1,709
Dividends income	693	-	693
Total revenue	195,372	-	195,372
Net assets released from restrictions	28,306	(28,306)	-
Total public support and revenue	439,944	(28,106)	411,838
 Expenses			
Program services	356,163	-	356,163
Management and general	20,619	-	20,619
Fundraising	72,341	-	72,341
Total expenses	449,123	-	449,123
Change in net assets	(9,179)	(28,106)	(37,285)
Net assets at beginning of year	143,535	85,481	229,016
Net assets at end of year	\$ 134,356	\$ 57,375	\$ 191,731

The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash Flows From Operating Activities:

Change in net assets	\$ (37,285)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,164
Dividend income	(693)
Net realized and unrealized gain on investments	(1,709)
Changes in operating assets and liabilities:	
Accounts receivable	(908)
Accounts payable	6,737
Accrued liabilities	(628)
Net cash used in operating activities	<u>(33,322)</u>
 Net change in cash and cash equivalents	 (33,322)
Cash and cash equivalents at beginning of year	205,609
Cash and cash equivalents at end of year	<u><u>\$ 172,287</u></u>

The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services				Supporting Services			
	Professional Education	Performances	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 54,264	\$ 33,915	\$ 20,349	\$ 108,528	\$ 6,783	\$ 20,350	\$ 27,133	\$ 135,661
Employee benefits	9,964	6,228	3,736	19,928	1,245	3,737	4,982	24,910
Payroll taxes	4,136	2,585	1,551	8,272	517	1,550	2,067	10,339
Total compensation	68,364	42,728	25,636	136,728	8,545	25,637	34,182	170,910
Professional fees - Artists	-	62,253	-	62,253	-	-	-	62,253
Professional fees - Teachers	35,044	-	-	35,044	-	-	-	35,044
Professional fees - Fundraising	-	-	-	-	-	24,150	24,150	24,150
Contract services	14,423	9,014	5,409	28,846	1,803	5,408	7,211	36,057
Strategic Planning	10,404	6,502	3,901	20,807	1,300	3,902	5,202	26,009
Banking and credit card fees	1,963	1,227	736	3,926	244	737	981	4,907
Promotion and printing	6,346	3,966	2,380	12,692	793	2,379	3,172	15,864
Office rent	10,080	6,300	3,780	20,160	1,260	3,780	5,040	25,200
Classroom rental	1,859	-	-	1,859	-	-	-	1,859
Utilities	5,496	3,435	2,061	10,992	687	2,060	2,747	13,739
Office supplies	4,951	3,094	1,857	9,902	619	1,856	2,475	12,377
Repairs and maintenance	734	459	275	1,468	92	276	368	1,836
Insurance	-	-	-	-	3,394	-	3,394	3,394
Travel and transportation	1,123	702	421	2,246	140	421	561	2,807
Meals	1,744	1,090	654	3,488	218	653	871	4,359
Scholarships	23,306	-	-	23,306	-	-	-	23,306
Miscellaneous	2,867	1,803	1,082	5,752	360	1,082	1,442	7,194
Direct expenses of special events	-	-	-	-	-	63,945	63,945	63,945
Depreciation	-	-	-	-	1,164	-	1,164	1,164
Total expenses	\$ 188,704	\$ 142,573	\$ 48,192	\$ 379,469	\$ 20,619	\$ 136,286	\$ 156,905	\$ 536,374
Less: expenses netted with revenue on statement of activities:								
Scholarships	(23,306)	-	-	(23,306)	-	-	-	(23,306)
Direct expenses of special events	-	-	-	-	-	(63,945)	(63,945)	(63,945)
Total expenses by function	\$ 165,398	\$ 142,573	\$ 48,192	\$ 356,163	\$ 20,619	\$ 72,341	\$ 92,960	\$ 449,123
Current year's percentages	36.8%	31.7%	10.7%	79.3%	4.6%	16.1%	20.7%	100.0%

The accompanying notes are an integral part of these financial statements

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Jazz Workshop (the “Organization”), a nonprofit organization chartered in the State of Tennessee in 2000, expands and enriches peoples’ lives by offering world class jazz education and performance in supportive and creative environments. The Organization is supported primarily through local grants, individual contributions, and special events and earns income from tuition and performances.

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 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 restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted. When a restriction expires in a period after the contributions are received, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. There were no permanently restricted net assets as of December 31, 2017.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. At December 31, 2017, the Organization had no cash equivalents.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 5-7 years for office furniture, leasehold improvements and equipment.

Expenditures for repairs and maintenance are charged to operations when incurred.

Expense Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services based on actual or estimated time employees spend on each function.

Use of Estimates

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

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Organization is a nonprofit organization exempt from income taxes 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.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition. Tax years that remain open to examination include years ended December 31, 2014 through December 31, 2017.

Investments

Investments are stated at fair market value. Unrealized gains and losses as well as appreciation or depreciation in market value are reflected in the accompanying financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

Studio equipment	\$ 55,276
Office equipment and fixtures	25,216
Classroom equipment	5,612
Leasehold improvements	<u>26,666</u>
	\$ 112,770
Less accumulated depreciation	<u>(109,634)</u>
	<u>\$ 3,136</u>

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – INVESTMENTS

Investments consist of mutual funds at December 31, 2017:

	<u>Cost</u>	<u>Market</u>
Mutual funds	\$19,133	\$32,655

Interest and dividends earned from investments totaled \$693 for the year ended December 31, 2017. Net unrealized and realized gain on investments amounted to \$1,709 for the year ended December 31, 2017.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017 for the following purposes:

Scholarships for classes	\$ 47,072
Building fund	5,303
Jazz education	<u>5,000</u>
	<u>\$ 57,375</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Scholarships for classes	\$ 23,306
Jazz education	<u>5,000</u>
	<u>\$ 28,306</u>

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – LEASE COMMITMENT

The Organization leases office facilities under an operating lease which expires October 2, 2021. Rent expense for the year ended December 31, 2017 totaled \$25,200.

Future minimum rental payments under the office operating lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	25,200
2019	25,200
2020	25,200
2021	<u>21,000</u>
	<u>\$ 96,600</u>

NOTE 6 – RELATED-PARTY TRANSACTIONS

For the year ended December 31, 2017, the Organization paid the Executive Director and Programs and Education Director \$6,380 and \$2,925, respectively, for teacher fees for conducting classes and musician fees for performances.

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 1, 2018, the issuance of the Organization's financial statements.