

**NASHVILLE FILM FESTIVAL  
FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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To the Board of Directors  
Nashville Film Festival

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Nashville Film Festival (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 the financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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 the financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 Organization'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 Organization'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 Film Festival as of December 31, 2020 and 2019, 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.

*Edmondson, Betzler & Dame, P.A.*

March 23, 2021

**NASHVILLE FILM FESTIVAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
Current assets		
Cash	\$ 113,706	\$ 68,366
Accounts receivable	32,445	54,636
Prepaid expenses	<u>3,625</u>	<u>-</u>
Total current assets	149,776	123,002
Equipment, net	<u>3,539</u>	<u>7,108</u>
Total assets	<u><u>\$ 153,315</u></u>	<u><u>\$ 130,110</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$ 2,062	\$ 40,321
Long term debt - current portion	<u>19,849</u>	<u>-</u>
Total current liabilities	21,911	40,321
Long term debt - noncurrent portion	<u>5,751</u>	<u>-</u>
Total liabilities	<u>27,662</u>	<u>40,321</u>
Net assets without donor restrictions	<u>125,653</u>	<u>89,789</u>
Total liabilities and net assets	<u><u>\$ 153,315</u></u>	<u><u>\$ 130,110</u></u>

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

**NASHVILLE FILM FESTIVAL  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Revenues and other support:		
Festival fees and sales	\$ 286,332	\$ 316,856
Grants	142,626	171,674
Contributions	10,164	5,836
Fees for services	8,332	-
Corporate sponsors	7,500	184,540
Membership dues	5,857	9,975
Interest income	228	249
Contributions in-kind	-	71,300
Fundraising events	-	3,500
	<u>461,039</u>	<u>763,930</u>
Total revenues and other support		
Expenses:		
Festival and programs	278,817	571,113
Management and general	116,180	113,206
Fundraising	30,178	28,464
	<u>425,175</u>	<u>712,783</u>
Total expenses		
Increase in net assets without donor restrictions	35,864	51,147
Net assets, beginning of year	<u>89,789</u>	<u>38,642</u>
Net assets, end of year	<u>\$ 125,653</u>	<u>\$ 89,789</u>

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

**NASHVILLE FILM FESTIVAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>PROGRAM SERVICES</b>	<b>SUPPORT SERVICES</b>		
	<u>Festival</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 92,374	\$ 52,760	\$ 22,572	\$ 167,706
Payroll taxes	8,438	4,827	2,077	15,342
Employee benefits	4,256	2,434	1,048	7,738
	<u>105,068</u>	<u>60,021</u>	<u>25,697</u>	<u>190,786</u>
Contract services	70,719	5,750	4,481	80,950
Festival expense	29,622	-	-	29,622
Awards	28,265	-	-	28,265
Bank and credit card fees	23,045	949	-	23,994
Rent	-	19,130	-	19,130
Advertising	16,929	-	-	16,929
Insurance	-	6,323	-	6,323
Telephone and internet	-	6,049	-	6,049
Office and supplies	-	5,480	-	5,480
Travel and entertainment	2,761	1,529	-	4,290
Dues and subscriptions	-	4,082	-	4,082
Depreciation	-	3,569	-	3,569
Bad debt expense	-	3,000	-	3,000
Postage	1,120	-	-	1,120
Miscellaneous	1,033	-	-	1,033
Printing and promotions	-	298	-	298
Equipment rental	255	-	-	255
	<u>\$ 278,817</u>	<u>\$ 116,180</u>	<u>\$ 30,178</u>	<u>\$ 425,175</u>

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

**NASHVILLE FILM FESTIVAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<b>PROGRAM SERVICES</b>	<b>SUPPORT SERVICES</b>		
	<u>Festival</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 77,752	\$ 46,978	\$ 18,360	\$ 143,090
Payroll taxes	6,240	3,814	1,502	11,556
Employee benefits	3,956	2,418	952	7,326
	<u>87,948</u>	<u>53,210</u>	<u>20,814</u>	<u>161,972</u>
Total salaries and benefits				
Contract services	96,181	11,148	3,349	110,678
Travel and entertainment	87,565	620	3,256	91,441
Advertising	89,559	-	-	89,559
Rent	64,575	18,354	-	82,929
Festival expense	64,254	-	-	64,254
Equipment rental	37,246	-	459	37,705
Awards	20,500	122	-	20,622
Dues and subscriptions	2,164	5,481	586	8,231
Insurance	-	8,156	-	8,156
Telephone	-	7,893	-	7,893
Grant expense	7,100	-	-	7,100
Printing and promotions	6,442	351	-	6,793
Bank and credit card fees	4,603	499	-	5,102
Depreciation	-	4,704	-	4,704
Office and supplies	26	2,631	-	2,657
Postage	1,914	37	-	1,951
Miscellaneous	1,036	-	-	1,036
	<u>\$ 571,113</u>	<u>\$ 113,206</u>	<u>\$ 28,464</u>	<u>\$ 712,783</u>

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

**NASHVILLE FILM FESTIVAL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities		
Increase in net assets	\$ 35,864	\$ 51,147
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,569	4,704
Bad debt expense	3,000	-
(Increase) decrease in prepaid expenses	(3,625)	2,895
(Increase) decrease in accounts receivable	19,191	(29,551)
Increase (decrease) in accounts payable	<u>(38,259)</u>	<u>38,219</u>
Net cash provided by operating activities	<u>19,740</u>	<u>67,414</u>
Cash flows from investing activities		
Purchase of equipment	<u>-</u>	<u>(1,940)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,940)</u>
Cash flows from financing activities		
Payments to line of credit	-	(6,000)
Proceeds from issuance of long term debt	<u>25,600</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>25,600</u>	<u>(6,000)</u>
Net increase in cash	45,340	59,474
Cash, beginning of year	<u>68,366</u>	<u>8,892</u>
Cash, end of year	<u><u>\$ 113,706</u></u>	<u><u>\$ 68,366</u></u>
Supplemental cash flow information:		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ 109</u></u>

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



**NASHVILLE FILM FESTIVAL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Nashville Film Festival's (the "Organization") purpose is to promote or showcase independent and student films and film makers through the annual film festival. The Organization conducts an annual workshop, premiere screenings, and seminars for students ranging in age from adolescents to adults. The outreach program brings screenings and various workshops into schools and community centers in the inner city.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets which are not subject to donor-imposed restrictions. Board-designated net assets also fall under this classification. As of December 31, 2020 the Organization did not have any board-designated net assets.

Net assets with donor restrictions – Net assets which are subject to donor-imposed restrictions. This includes net assets restricted into perpetuity, restricted for specified purposes, restricted by the passage of time, and for amounts of underwater endowments. As of December 31, 2020 the Organization did not have any net assets with donor restrictions.

Contributions

Contributions received are recorded as restricted or unrestricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Donated Services

Contributions of donated material that are usable for program services, fundraising, and support of management and general functions are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not donated, are recorded at their fair values in the period received.

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practical to objectively determine the fair value of services received. However, management estimates that a substantial number of volunteers have donated significant amounts of their time.

**NASHVILLE FILM FESTIVAL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventory Valuation

The library of films maintained by the Organization is not reflected in the financial statements as an objective basis for valuation is not available.

Compensated Absences

The Organization has not accrued compensated absences since the amount cannot be reasonably estimated.

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 affecting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization is a not-for-profit organization that is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization had no unrelated business taxable income during the years ended December 31, 2020 and 2019.

The Organization has adopted guidance concerning the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. There are no tax penalties or interest reported in the accompanying financial statements. The Organization had no uncertain tax positions at December 31, 2020. The Organization has exempt organization tax filings open to Internal Revenue Service audit generally for three years after they are filed.

**NASHVILLE FILM FESTIVAL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Concentrations of Credit Risk

The Organization maintains a bank account at one financial institution. The balance, at times, may exceed federally insured limits. The Organization has not experienced any losses in the account. Management believes the Organization is not exposed to any significant credit risk related to cash.

Advertising Costs

The Organization expenses all advertising costs as incurred. Total advertising expense amounted to \$16,929 and \$89,559 in 2020 and 2019, respectively.

Description of Functional Expense Allocations

The financial statements report functional expenses the attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated upon the estimates of time and effort are salaries and wages, payroll taxes, and employee benefits. Rent expense is allocated based upon square footage of the facility. All other expenses are reported directly on the statement of functional expenses.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after December 31, 2020, through the date of the issued financial statements, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**NOTE 2 - EQUIPMENT**

Equipment is recorded at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment at December 31, 2020 and 2019, is as follows:

	2020	2019
Office Equipment	\$ 41,732	\$ 41,732
Less: accumulated depreciation	<u>(38,193)</u>	<u>(34,624)</u>
	<u>\$ 3,539</u>	<u>\$ 7,108</u>

Depreciation expense was \$3,569 and \$4,704 for the years ended December 31, 2020 and 2019, respectively.

**NASHVILLE FILM FESTIVAL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2020 and 2019 are as follows.

	2020	2019
Grants receivable	\$ 32,445	\$ 37,636
Corporate sponsors receivable	<u>-</u>	<u>17,000</u>
	<u>\$ 32,445</u>	<u>\$ 54,636</u>

All amounts are current and expected to be received during the next year.

**NOTE 4 - LINES OF CREDIT**

The Organization has a line of credit with ServisFirst Bank with a limit of \$100,000. The line has a variable interest rate at 1.75% over the Index. As of December 31, 2020, the rate was 5.0%. The line is renewed on an annual basis. There was no balance due on the line of credit as of December 31, 2020 and 2019.

The Organization maintains one line of credit on a credit card. The line has a credit limit available of \$25,000 and bears interest at a 13.24% annual rate on purchases and 24.24% annual rate on cash advances. The outstanding balance on the credit card was \$862 and \$811 as of December 31, 2020 and 2019, respectively. These balances are included in accounts payable on the Statements of Financial Position.

**NOTE 5 - LONG TERM DEBT**

The Organization has an unsecured note payable with ServisFirst Bank dated April 10, 2020 due in monthly installments of \$1,441, including interest at a fixed rate of 1.00%. Payments were scheduled to begin on November 10, 2020, but deferred pending loan forgiveness. The note is due in full on April 10, 2022. The balance of the note payable at December 31, 2020 was \$25,600.

The loan from ServisFirst Bank was received under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

**NASHVILLE FILM FESTIVAL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 5 - LONG TERM DEBT (CONTINUED)**

A summary of future maturities of notes payable is as follows:

Year Ending June 30,	Amount
2021	\$ 19,849
2022	5,751
	<u>\$ 25,600</u>

**NOTE 6 - DONATED SERVICES**

There were no donated services ("in-kind" contributions) included in the Statement of Activities for 2020. Donated services ("in-kind" contributions) included in the Statements of Activities for 2019 are as follows:

	2019
Contributions in-kind	
Rent	\$ 15,000
Advertising	23,800
Festival expense	20,000
Equipment rental	<u>12,500</u>
Total contributions in-kind	<u>\$ 71,300</u>
Expenses	
Functional expenses:	
Festival and programs	<u>\$ 71,300</u>
Increase in net assets	<u>\$ -</u>

**NOTE 7 - LIQUIDITY AND AVAILABLE RESOURCES**

The Organization has \$146,151 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting substantially of cash amount of \$113,706, and accounts receivable of \$32,445. None of the financial assets are subject to donor or other contractual restrictions. The Organization also maintains a line of credit to manage cash flows during intermittent times between the major program income, and the receipt of grant funds. The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet three months of normal operating expenses, which are, on average, approximately \$37,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.