

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Arts and Business Council Of Greater Nashville, Inc.  
Nashville, Tennessee

**Opinion**

We have audited the accompanying financial statements of Arts and Business Council Of Greater Nashville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts and Business Council Of Greater Nashville, Inc. as of June 30, 2023, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arts and Business Council Of Greater Nashville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts and Business Council Of Greater Nashville, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Arts and Business Council Of Greater Nashville, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts and Business Council Of Greater Nashville, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules to Statements of Activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bellenfant, PLLC*

Nashville, Tennessee  
September 18, 2023

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	
Arts and Business Council of Greater Nashville, Inc.	\$ 426,308
Fiscally Sponsored Organizations	48,417
Total Cash and Cash Equivalents	474,725
Contributions Receivable	75,568
Total Current Assets	550,293
Total Assets	\$ 550,293

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued Interest, current	\$ 4,116
Total Current Liabilities	4,116

**LONG-TERM LIABILITIES**

Accrued Interest	702
Long-Term Debt	80,200
Total Long-Term Liabilities	80,902
Total Liabilities	85,018

**NET ASSETS**

Net Assets Without Donor Restrictions	
Undesignated	413,329
Board Designated	3,529
Net Assets With Donor Restrictions	48,417
Total Net Assets	465,275
Total Liabilities and Net Assets	\$ 550,293

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

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Corporate Contributions and Grants	\$ 171,643	\$ 23,407	\$ 195,050
Individual Giving	37,492	23,203	60,695
Public Grants	139,647	-	139,647
Program Fees	22,069	-	22,069
Events	39,683	-	39,683
Education and Seminars	13,206	-	13,206
Membership Dues	7,895	-	7,895
Other Income	58,756	3,746	62,502
Interest Income	2,770	-	2,770
Net Assets Released from Restrictions	62,882	(62,882)	-
	<u>556,043</u>	<u>(12,526)</u>	<u>543,517</u>
<b>EXPENSES</b>			
Program Services	<u>360,417</u>	<u>-</u>	<u>360,417</u>
Supporting Services			
Management and General	66,019	-	66,019
Fundraising	23,130	-	23,130
Total Supporting Services	<u>89,149</u>	<u>-</u>	<u>89,149</u>
	<u>449,566</u>	<u>-</u>	<u>449,566</u>
Change in Net Assets	106,477	(12,526)	93,951
Net Assets, Beginning of Year	<u>310,381</u>	<u>60,943</u>	<u>371,324</u>
Net Assets, End of Year	<u>\$ 416,858</u>	<u>\$ 48,417</u>	<u>\$ 465,275</u>

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

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
Salaries and Related Expenses	\$ 197,625	\$ 37,055	\$ 12,351	\$ 247,031
Programs	75,777	14,208	4,736	94,721
Education and Seminars	23,469	4,400	1,467	29,336
Professional Fees	20,148	3,778	1,259	25,185
Special Events	18,595	3,487	1,162	23,244
Meetings and Travel	1,953	366	122	2,441
Interest	1,878	352	117	2,347
Insurance	3,015	565	189	3,769
Office Expenses	7,343	1,377	459	9,179
Marketing	578	108	37	723
Fundraising	-	-	1,123	1,123
Miscellaneous	1,723	323	108	2,154
Distribution to Fiscally Sponsored Organizations	8,313	-	-	8,313
Total Expenses	\$ 360,417	\$ 66,019	\$ 23,130	\$ 449,566

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

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	93,951
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operations:		
(Increase) Decrease in:		
Contributions Receivable		(61,596)
Increase (Decrease) in:		
Accrued Interest		289
Accounts Payable		(1,206)
Deferred Revenue		(11,782)
		(11,782)
Net Cash Provided (Used) by Operating Activities		19,656
Net Increase (Decrease) in Cash and Cash Equivalents		19,656
Cash and Cash Equivalents, Beginning of Year		455,069
Cash and Cash Equivalents, End of Year	\$	474,725

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

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

The Arts and Business Council Of Greater Nashville, Inc. (the Council) was incorporated in 2005 in Nashville, Tennessee. Its primary purpose is to drive collaboration between the arts and business. The vision of the Council is to leverage and unite the unique resources of the business and arts communities to create a thriving, sustainable creative culture in Nashville. This is accomplished through:

- Creating mutually beneficial partnerships between arts and business.
- Providing direct services, key opportunities, and education to the creative community to help them master the business of art.
- Inspiring workplace creativity in business to demonstrate the impact of the arts through tangible benefits development of life-long arts participants and supporters.
- Providing fiscal sponsorships by incubating arts projects and emerging arts organizations by allowing them to receive tax-deductible donations as they grow, as well as providing the administrative structure and support they need to scale sustainably.

**Basis of Accounting**

The financial statements of Arts and Business Council Of Greater Nashville, Inc. are maintained and presented on the accrual basis of accounting. Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Associations. Under the FASB Accounting Standards Codification, the Council is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions:*

These are net assets that are not subject to donor-imposed stipulations. The Council had \$416,858 of net assets without donor restrictions as of June 30, 2023.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

*Net assets with donor restrictions:*

These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Council. Generally, donors of these assets permit the Council to use all or part of the income earned for general or specific purposes. For the purpose of these financial statements, revenue and support with donor restrictions are classified as net assets without donor restrictions when the restrictions are met in the same fiscal year. The Council had \$48,417 of net assets with donor restrictions as of June 30, 2023.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Arts and Business Council Of Greater Nashville, Inc. considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of June 30, 2023, the Council had no cash equivalents.

**Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions with donor restrictions whose restrictions are met in the same year as received are reported as contributions without donor restrictions.

Contributions receivable are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of a contribution receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at June 30, 2023.

**Revenue and Revenue Recognition**

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 under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Council's revenue within the scope of ASC 606 consists of membership dues and special events. The contract obligations related to these services are satisfied when the membership period has passed or performance obligations have been satisfied.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Revenue Recognition (Continued)**

In general, the Council's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date. The Council recognizes membership dues as revenue in the applicable membership period.

The Council holds events and programs throughout the year that contribute to the overall mission of the Council. Contributions, sponsorships, admissions and other revenue for these events and programs are recognized in the financial statements when the performance obligations have been satisfied.

Restricted contributions are recognized when the related expenses are incurred and the conditions are met. Unrestricted contributions are recognized as revenue when received or determined to be receivable, as they are not subject to specific donor-imposed restrictions.

**Advertising**

Advertising costs are expensed when incurred.

**Donated Services and Goods**

Donated services and goods are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by Council if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to the Council by donation of time and services. The value of this contribution was is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

**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 estimates.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Related Expenses	Time and Effort
Education and Seminars	Time and Effort
Special Events	Time and Effort
Fundraising Expenses	Time and Effort
Insurance	Policy Coverage

**Compensated Absences**

The Council is subject to the same policies related to sick pay and personal time as Belmont employees (see Note 4). Sick pay can be accumulated up to a maximum of 90 days and rolled over to the next year. Vacation/personal time is accrued and rolled over at a set rate based on the employee's years of service and employment type. Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Council's policy is to recognize these costs when actually paid.

**2. AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Council's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Financial Assets	\$ 474,725
Contributions Receivable	75,568
Less: Donor Restricted Net Assets	<u>(48,417)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 501,876</u></u>

There is an adequate amount of financial assets available as of June 30, 2023. The Council effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the statement of financial position date.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**3. CONCENTRATION OF CREDIT RISK**

The Council invests its available cash with major financial institutions. As of June 30, 2023, the cash accounts exceeded the Federal Deposit Insurance Corporation limit of \$250,000 by \$215,755. However, management believes that the credit risk related to these deposits is minimal.

**4. BELMONT AGREEMENT**

The Council maintains an agreement with Belmont University whereby Belmont provides certain support services to the Council such as payroll processing, assistance with fundraising efforts and use of meeting space when needed. The Council continues to jointly explore opportunities for collaborative efforts with Belmont University to support and advance Nashville’s creative culture. This agreement automatically renews for unlimited one year terms each December 31 unless either party gives notice of intent to terminate at least 90 days in advance of renewal date.

**5. LINE OF CREDIT**

The Council has an unsecured line of credit with Pinnacle Bank. The line of credit bears interest at the prime rate and has a limit of \$50,000. There were no amounts outstanding as of June 30, 2023.

**6. LONG-TERM DEBT**

In July 2021, the Council was granted an Economic Injury Disaster Loan (the “Loan”) from the Small Business Administration in the amount of \$80,200. Installment payments including principal and interest of \$343 are due monthly for thirty (30) years beginning January 2023 per the agreement. However, all current payments are applied to interest only until the accrued interest is paid in full.

The Loan, which was in the form of a note dated July 16, 2021 issued by the lender, matures on June 16, 2050 and bears interest at a rate of 2.75% per annum, payable monthly commencing January 16, 2023. The Note may be prepaid by the Council at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. The Council intends to use the entire Loan amount for qualifying expenses. Principal payments and accrued interest on the Loan are due as follows:

For the year ended June 30,	Principal	Accrued Interest	Total
2024	\$ -	\$ 4,116	\$ 4,116
2025	1,149	702	1,851
2026	1,902	-	1,902
2027	1,955	-	1,955
2028	2,010	-	2,010
Thereafter	73,184	-	73,184
Total	<u>\$ 80,200</u>	<u>\$ 4,818</u>	<u>\$ 85,018</u>

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**7. FISCALLY SPONSORED ORGANIZATIONS**

The Council offers fiscal sponsorship to qualified arts projects & organizations, independent films, and documentary media projects that align with the Council's mission and are in need of administrative and fundraising support. This support structure allows projects and organizations to receive tax-deductible donations and grants without establishing tax-exempt status. Net assets for the fiscally sponsored organizations as of June 30, 2023 are as follows:

Nashville Made	\$	13,244
Converge		3,761
Tunes for Kidz		3,254
Underground Music Collective		15
Free Fyre		1,357
Woven Theatre Company		4,350
Your Song		3,378
Elevare		523
Woolworth Sit-Ins Mural		18,385
Bad Water		75
4 Short Stories		75
		<u>75</u>
	<u>\$</u>	<u>48,417</u>

During the normal course of business, fiscally sponsored organizations can qualify to become their own 501(c)(3) organization or move to another umbrella entity. In the event one of these occurs, the remaining assets are distributed to the respective organization. For the year ended June 30, 2023, the Council distributed \$8,313 of assets to fiscally sponsored organizations.

**8. BOARD DESIGNATED NET ASSETS**

The Council's Board of Directors has designated a portion of the unrestricted net assets for specific purposes in accordance with its strategic objectives. As of June 30, 2023, board designated net assets consisted of the following:

Artist Relief Fund	\$	3,529
		<u>3,529</u>
	<u>\$</u>	<u>3,529</u>

**9. INCOME TAXES**

Arts and Business Council Of Greater Nashville, Inc. has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**9. INCOME TAXES (Continued)**

The Council files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Council's returns for the years prior to fiscal year ended June 30, 2020 are no longer open for examination.

The Council has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Council believes that it has taken no uncertain tax positions.

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 18, 2023 which is the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**SUPPLEMENTARY SCHEDULE TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Arts &amp; Business Council of Greater Nashville</b>	<b>Fiscally Sponsored Organizations</b>
<b>SUPPORT AND REVENUE</b>		
Corporate Contributions and Grants	\$ 171,643	\$ 23,407
Individual Giving	37,492	23,203
Public Grants	139,647	-
Program Fees	22,069	-
Events	39,683	-
Education and Seminars	13,206	-
Membership Dues	7,895	-
Other Income	58,756	3,746
Interest Income	2,770	-
	493,161	50,356
<b>EXPENSES</b>		
Salaries and Related Expenses	247,031	-
Programs	31,844	62,877
Education and Seminars	29,336	-
Professional Fees	25,185	-
Special Events	23,244	-
Meetings and Travel	2,441	-
Interest	2,347	-
Insurance	3,769	-
Office Expenses	9,174	5
Marketing	723	-
Fundraising	1,123	-
Miscellaneous	2,154	-
Distribution to Fiscally Sponsored Organizations	8,313	-
	386,684	62,882
Change in Net Assets	106,477	(12,526)
Net Assets, Beginning of Year	310,381	60,943
Net Assets, End of Year	\$ 416,858	\$ 48,417

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