

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2008 and 2007

NASHVILLE CIVIC DESIGN CENTER

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FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550
NASHVILLE, TENNESSEE 37203
PHONE 615-383-6592, FAX 615-383-7094

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nashville Civic Design Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2008 and 2007, 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 the 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 Civic Design Center as of June 30, 2008 and 2007, 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.

Frasier, Dean & Howard, PLLC

January 6, 2009

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,587	\$ 62,568
Certificate of deposit	43,852	42,000
Accounts receivable	5,099	12,650
Contributions receivable	<u>-</u>	<u>10,000</u>
Total current assets	109,538	127,218
Furniture and equipment, net	<u>5,883</u>	<u>8,338</u>
Total assets	<u><u>\$ 115,421</u></u>	<u><u>\$ 135,556</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 28,646</u>	<u>\$ 30,316</u>
Total current liabilities	<u>28,646</u>	<u>30,316</u>
Net assets:		
Unrestricted	80,400	81,040
Temporarily restricted	<u>6,375</u>	<u>24,200</u>
Total net assets	<u>86,775</u>	<u>105,240</u>
Total liabilities and net assets	<u><u>\$ 115,421</u></u>	<u><u>\$ 135,556</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 222,447	\$ -	\$ 222,447
Special events	134,554	2,500	137,054
Grant revenue	81,800	-	81,800
Contributions	53,164	3,875	57,039
Other	5,707	-	5,707
Book sales	552	-	552
Net assets released from restrictions	<u>24,200</u>	<u>(24,200)</u>	<u>-</u>
Total public support and revenue	<u>522,424</u>	<u>(17,825)</u>	<u>504,599</u>
Expenses:			
Program services	<u>341,462</u>	<u>-</u>	<u>341,462</u>
Supporting services:			
General and administrative	88,465	-	88,465
Fundraising	<u>93,137</u>	<u>-</u>	<u>93,137</u>
Total supporting services	<u>181,602</u>	<u>-</u>	<u>181,602</u>
Total expenses	<u>523,064</u>	<u>-</u>	<u>523,064</u>
Change in net assets	(640)	(17,825)	(18,465)
Net assets - beginning of year	<u>81,040</u>	<u>24,200</u>	<u>105,240</u>
Net assets - end of year	<u><u>\$ 80,400</u></u>	<u><u>\$ 6,375</u></u>	<u><u>\$ 86,775</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 243,644	\$ -	\$ 243,644
Special events	171,540	10,000	181,540
Grant revenue	81,000	-	81,000
Contributions	42,334	4,200	46,534
Other	10,566	-	10,566
Book sales	2,190	-	2,190
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total public support and revenue	<u>561,274</u>	<u>4,200</u>	<u>565,474</u>
Expenses:			
Program services	<u>322,101</u>	<u>-</u>	<u>322,101</u>
Supporting services:			
General and administrative	79,514	-	79,514
Fundraising	<u>113,100</u>	<u>-</u>	<u>113,100</u>
Total supporting services	<u>192,614</u>	<u>-</u>	<u>192,614</u>
Total expenses	<u>514,715</u>	<u>-</u>	<u>514,715</u>
Change in net assets	46,559	4,200	50,759
Net assets - beginning of year	<u>34,481</u>	<u>20,000</u>	<u>54,481</u>
Net assets - end of year	<u><u>\$ 81,040</u></u>	<u><u>\$ 24,200</u></u>	<u><u>\$ 105,240</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2008

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes in-kind salaries of \$158,087)	\$ 226,788	\$ 54,103	\$ 36,042	\$ 316,933
Employee benefits	2,825	1,027	428	4,280
Total compensation	229,613	55,130	36,470	321,213
Office rent (includes in-kind rent of \$59,060)	56,848	10,659	3,553	71,060
Fundraising event costs (includes in-kind gift of \$5,300)	-	-	51,207	51,207
Professional development and dues	11,536	-	504	12,040
Television production	10,217	-	-	10,217
Equipment lease and maintenance	8,066	1,305	461	9,832
Professional fees	1,411	6,270	-	7,681
Other	1,155	6,288	161	7,604
Telecommunications	4,688	879	293	5,860
Office supplies	3,878	727	242	4,847
Insurance	-	4,376	-	4,376
Janitorial	2,400	450	150	3,000
Meetings	2,514	149	-	2,663
Parking	1,119	1,367	-	2,486
Printing	1,532	287	96	1,915
Marketing	1,036	-	-	1,036
Cost of books sold	250	-	-	250
Total expenses before depreciation	336,263	87,887	93,137	517,287
Depreciation	5,199	578	-	5,777
Total expenses	\$ 341,462	\$ 88,465	\$ 93,137	\$ 523,064

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2007

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and payroll taxes (includes in-kind salaries of \$154,087)	\$ 214,658	\$ 48,378	\$ 31,498	\$ 294,534
Employee benefits	5,157	1,875	781	7,813
Total compensation	219,815	50,253	32,279	302,347
Fundraising event costs (includes in-kind gift of \$30,497)	-	-	76,538	76,538
Office rent (includes in-kind rent of \$59,060)	56,848	10,659	3,553	71,060
Professional development and dues	7,954	-	-	7,954
Other	2,171	4,714	36	6,921
Equipment lease and maintenance	5,322	671	89	6,082
Television production	6,028	-	-	6,028
Professional fees	488	5,163	-	5,651
Telecommunications	3,634	681	227	4,542
Insurance	-	4,208	-	4,208
Meetings	3,916	180	-	4,096
Office supplies	3,098	581	194	3,873
Janitorial	2,336	438	146	2,920
Cost of books sold	2,633	-	-	2,633
Parking	943	1,152	-	2,095
Printing	604	113	38	755
Total expenses before depreciation	315,790	78,813	113,100	507,703
Depreciation	6,311	701	-	7,012
Total expenses	<u>\$ 322,101</u>	<u>\$ 79,514</u>	<u>\$ 113,100</u>	<u>\$ 514,715</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (18,465)	\$ 50,759
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,777	7,012
Changes in operating assets and liabilities:		
Contributions receivable	10,000	10,000
Accounts receivable	7,551	(11,066)
Plan of Nashville book inventory	-	3,468
Accounts payable and accrued expenses	<u>(1,670)</u>	<u>(15,442)</u>
Net cash provided by operating activities	<u>3,193</u>	<u>44,731</u>
Cash flows from investing activities:		
Interest reinvested in certificate of deposit	(1,852)	-
Purchase of certificate of deposit	-	(42,000)
Purchases of equipment	<u>(3,322)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,174)</u>	<u>(42,000)</u>
Net (decrease) increase in cash and cash equivalents	(1,981)	2,731
Cash and cash equivalents - beginning of year	<u>62,568</u>	<u>59,837</u>
Cash and cash equivalents - end of year	<u><u>\$ 60,587</u></u>	<u><u>\$ 62,568</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Nature of Activities

Nashville Civic Design Center (the “Organization”) is a non-profit Organization founded in 2000 and located in Nashville, Tennessee. The Organization is dedicated to elevating the quality of Nashville’s built environment and promoting public participation in the creation of a more beautiful and functional city for all. The Organization also provides a central source of technical advice for the design of livable, vital urban spaces in Nashville and serves as a community resource for education and advocacy of these issues. The Organization’s biggest project to date is the creation of the *Plan of Nashville*, a community-based, fifty-year vision for the city of Nashville.

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 of the Organization 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 stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2008 or 2007.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Income Taxes

Nashville Civic Design Center is a tax-exempt organization 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.

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 that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

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 and investment instruments with original maturities when purchased of three months or less to be cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing straight-line and accelerated methods over the estimated useful lives of the respective assets (ranging from three to seven years). The Organization's policy is to capitalize any expenditures over \$250 that are capital in nature. Expenditures for repairs and maintenance are charged to expense as incurred.

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$1,036 for the year ended June 30, 2008. There were no advertising costs incurred for the year ended June 30, 2007.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation (Note 7).

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon the estimates of management.

Reclassifications

Certain reclassifications have been made to the June 30, 2007 statements to conform with the June 30, 2008 presentation.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of unconditional promises to give which are expected to be collected within one year. Contributions receivable totaled \$0 and \$10,000 for the years then ended June 30, 2008 and 2007, respectively.

No allowance for uncollectible contributions has been recorded, as all amounts were deemed collectible by management at June 30, 2007.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of June 30:

	<u>2008</u>	<u>2007</u>
Furniture and equipment	\$ 63,511	\$ 60,189
Less: accumulated depreciation	<u>(57,628)</u>	<u>(51,851)</u>
	<u>\$ 5,883</u>	<u>\$ 8,338</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of amounts received for future year program and fundraising expenses. Amounts restricted were \$6,375 and \$24,200 at June 30, 2008 and 2007, respectively.

NOTE 5 – UNIVERSITY OF TENNESSEE PAYABLE

During the 2004 fiscal year the Organization received services from a University of Tennessee employee. The Organization committed to pay a portion of the employee's salary directly to the University of Tennessee. The balance due under this agreement totaled \$18,037 and \$23,037 as of June 30, 2008 and 2007, respectively. The balance is presented as a current liability in the accompanying statements of financial position.

NOTE 6 – OPERATING LEASES

The Organization leases office space under an agreement that expires May 2009. Total rent payments were \$12,000 for each of the years ended June 30, 2008 and 2007. The office space is rented from a contributor at a rate below market. The Organization recognized \$59,060 for the years ended June 30, 2008 and 2007 as in-kind rent.

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES

During the years ended June 30, 2008 and 2007, the Organization received in-kind contributions as follows:

	<u>2008</u>	<u>2007</u>
Office rent below market value	\$ 59,060	\$ 59,060
Employee salaries and benefits	158,087	154,087
Goods and services	<u>5,300</u>	<u>30,497</u>
	<u>\$ 222,447</u>	<u>\$ 243,644</u>

NOTE 8 – CONCENTRATIONS

The Organization receives a significant amount of its public support and revenue from government grants. The Organization also had a substantial amount of in-kind contributions. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 9 – FUNDRAISING

The following is a summary of fundraising contributions received and expenses incurred for each major fundraising activity:

June 30, 2008			
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Plan of Nashville Luncheon	\$ 94,910	\$ 25,761	\$ 69,149
Downtown Home Tour	16,644	824	15,820
Urban 10-K	<u>25,500</u>	<u>19,322</u>	<u>6,178</u>
	<u>\$ 137,054</u>	<u>\$ 45,907</u>	<u>\$ 91,147</u>
June 30, 2007			
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Plan of Nashville Luncheon	\$ 119,325	\$ 24,049	\$ 95,276
Downtown Home Tour	33,885	1,683	32,202
Urban 10-K	<u>28,330</u>	<u>20,309</u>	<u>8,021</u>
	<u>\$ 181,540</u>	<u>\$ 46,041</u>	<u>\$ 135,499</u>