

**NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022**

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AUDITED FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Nashville Civic Design Center
d.b.a Civic Design Center

Opinion

We have audited the accompanying financial statements of Nashville Civic Design Center d.b.a Civic Design Center ("Civic Design Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 Civic Design Center as of June 30, 2022, 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 Civic Design Center 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Civic Design Center'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 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 Civic Design Center'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 Civic Design Center'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.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, sans-serif font.

Nashville, Tennessee
March 9, 2023

**NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 148,249
Restricted cash	355,317
Accounts receivable	278,761
Prepays	3,400
Total current assets	<u>785,727</u>

Furniture and Equipment, net	267,290
Total assets	<u><u>\$ 1,053,017</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 30,744
Accrued expenses	15,015
Note payable, current	24,489
Total current liabilities	<u>70,248</u>

Note payable, less current portion	49,140
Total liabilities	<u>119,388</u>

Net Assets:

Without donor restrictions	578,312
With donor restrictions	355,317
Total net assets	<u>933,629</u>
Total liabilities and net assets	<u><u>\$ 1,053,017</u></u>

See accompanying notes to financial statements.

**NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Special events	\$ 262,303	\$ -	\$ 262,303
Less direct cost of special events	(60,686)	-	(60,686)
Net special events revenue	201,617	-	201,617
Contributions and grants	383,353	588,359	971,712
Contributed nonfinancial assets	46,738	-	46,738
Memberships	55,668	-	55,668
Programs and services	34,798	-	34,798
PPP loan forgiveness	120,223	-	120,223
Other	41,115	-	41,115
Net assets released from restrictions	403,551	(403,551)	-
Total public support and revenue	1,287,063	184,808	1,471,871
Expenses:			
Program services	796,684	-	796,684
Supporting Services:			
General and administrative	407,034	-	407,034
Fundraising	2,928	-	2,928
Total expenses	1,206,646	-	1,206,646
Change in net assets	80,417	184,808	265,225
Net assets - beginning of year	497,895	170,509	668,404
Net assets - end of year	\$ 578,312	\$ 355,317	\$ 933,629

See accompanying notes to financial statements.

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and payroll taxes	\$ 331,189	\$ 240,485	\$ 30,231	\$ 601,905
Employee benefits	35,350	25,669	3,227	64,246
Total Compensation	366,539	266,154	33,458	666,151
Annual audit & legal fees	-	12,818	-	12,818
Bad debt	25,679	-	-	25,679
Banking fees	-	3,710	-	3,710
Depreciation	-	74,344	-	74,344
Direct program & production	231,240	-	-	231,240
Equipment lease and maintenance	11,291	1,083	-	12,374
Fundraising event costs	-	-	26,897	26,897
Insurance	-	3,683	-	3,683
Interest	-	2,672	-	2,672
Marketing	5,363	1,340	-	6,703
Meetings	3,468	490	164	4,122
Memberships, dues & subscriptions	3,632	74	-	3,706
Office renovation	-	19,859	-	19,859
Office rent (includes in-kind rent of \$44,618)	68,335	15,375	1,708	85,418
Office supplies	2,773	424	75	3,272
Printing	110	-	-	110
Professional development and dues	498	125	-	623
Professional fees	63,463	1,983	661	66,107
Software	8,057	1,511	503	10,071
Strategic planning	78	-	-	78
Taxes & licenses	-	60	-	60
Telecommunications	5,908	1,329	148	7,385
Travel	250	-	-	250
Total expenses by function	796,684	407,034	63,614	1,267,332
Less expenses included with revenues on the statement of activities:				
Direct cost of special events	-	-	(60,686)	(60,686)
Total Expenses	<u>\$ 796,684</u>	<u>\$ 407,034</u>	<u>\$ 2,928</u>	<u>\$ 1,206,646</u>

See accompanying notes to financial statements.

**NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows From Operating Activities:	
Change in net assets	\$ 265,225
Adjustments to reconcile change in net assets to net cash used in operating activities:	
PPP loan forgiveness	(120,223)
Depreciation	74,344
Amortization	2,672
Changes in:	
Accounts receivable	(226,953)
Prepays	(604)
Accounts payable	(2,930)
Accrued expenses	1,404
Net cash used in operating activities	<u>(7,065)</u>
Cash Flows From Investing Activities:	
Purchase of furniture and equipment	<u>(2,298)</u>
Net cash used in investing activities	<u>(2,298)</u>
Cash Flows From Financing Activities	
Repayments on notes payable	<u>(28,615)</u>
Net cash used in investing activities	<u>(28,615)</u>
Net decrease in cash and restricted cash	(37,978)
Cash and restricted cash - beginning of year	<u>541,544</u>
Cash and restricted cash - end of year	<u><u>\$ 503,566</u></u>

See accompanying notes to financial statements.

NASHVILLE CIVIC DESIGN CENTER
d.b.a. CIVIC DESIGN CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Program Description

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, 50-year vision for the city of Nashville.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applied consistently, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. Restrictions fulfilled in the same accounting period in which are received are reported in the Statement of Activities as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

All unrestricted cash and investment instruments with original maturities of three months or less are considered cash and cash equivalents. The Organization maintains cash and cash equivalents accounts at financial institutions with strong credit ratings. Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At times, the Organization may have balances in excess of FDIC coverage. Management has deemed this a normal business risk.

Restricted Cash

Restricted cash includes cash held by the Organization primarily for staffing and the Design Your Neighborhood program.

Accounts Receivable

Accounts receivable consisting primarily of amounts due on current projects of the Organization. The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Accounts receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

**NASHVILLE CIVIC DESIGN CENTER
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the straight-line method 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.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements. Management believes there are no uncertain tax positions for the year ended June 30, 2022. The Organization files tax returns in the U.S. federal jurisdiction. Returns prior to 2019 are closed.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition for Contracts with Customers

The Organization's revenue streams under contracts with customers are comprised of memberships and program and services.

Revenue recognition is subject to the completion of performance obligations. A performance obligation is a promise to transfer a distinct good or service to the customer. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization contracts typically have one performance obligation that is based on the good or service specifically described in the contracts. For these contracts, transaction prices are allocated to the performance obligation based on the best estimated standalone selling price of each distinct good or service in the contract.

The majority of the Organization's performance obligations are satisfied at a point and time, and it is then that revenue is recognized. Membership revenue is received each month for the current month and is therefore recognized when received.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets recorded at the fair value of the donated goods and discounted rent received. 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.

NASHVILLE CIVIC DESIGN CENTER
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$6,703 for the year ended June 30, 2022.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses for the year ended June 30, 2022 present the natural classification detail of expenses by function. Expenses that can be directly attributed to one function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosure. Actual results could differ from those estimates.

Recently Adopting Accounting Standard

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and increases the disclosure requirements. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services, as well as conduct of services undertaken to support those activities to be general expenditures.

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022:

Cash and cash equivalents	\$ 148,249
Accounts receivable	<u>278,761</u>
	<u>427,010</u>

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Furniture and equipment	\$ 443,781
Less accumulated depreciation	<u>(176,491)</u>
Total furniture and equipment	<u>\$ 267,290</u>

NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN

On January 28, 2021, the Organization received a loan of \$120,233 under the Paycheck Protection Program ("PPP"). The loan is administered by the Small Business Administration (SBA) and is fully forgivable if certain conditions are met. On April 25, 2022, the loan was fully forgiven and the amount was recorded as PPP Loan Forgiveness on the statement of activities.

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full. Should the SBA conduct such a review and reject all or some of the Organization's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 5 – NOTE PAYABLE

The Organization has a note payable with the lessor for leasehold improvements. The note is noninterest bearing, payable in monthly principal installments of \$2,378 through March 2025. The note payable has an undiscounted balance outstanding of \$73,629 at June 30, 2022. A discount rate ranging of 3.25% (risk adjusted rate) was applied to arrive at net present value of the note payable at issuance. The discount is being amortized to interest expense using the interest method over the respective term of the note. The unamortized discount at June 30, 2022, amounted to \$2,998.

Annual principal maturities of the note payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 24,489
2024	25,297
2025	<u>23,843</u>
	<u>\$ 73,629</u>

NOTE 6 – LINE OF CREDIT

The Organization has a revolving line of credit with a bank. The line of credit bears interest at a variable rate (3.25% at June 30, 2022) and allows borrowings up to \$100,000. The line of credit is secured by all assets of the Organization. The Organization did not have any borrowings outstanding during the year ended June 30, 2022.

**NASHVILLE CIVIC DESIGN CENTER
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consists of the following at June 30, 2022:

Brown Family	\$ 222,007
Design Your Neighborhood	71,338
3M Transportation Safety Division	33,005
Memorial Foundation	12,272
Tennessee Architecture Foundation	11,695
Nashville Parks Foundation	5,000
Total net assets with donor restrictions	<u>\$ 355,317</u>

The Organization releases net assets with donor restrictions as they incur expenses satisfying restrictions imposed or by occurrence of other events specified by donors or the passage of time.

NOTE 8 – OPERATING LEASES

The Organization leases office space through December 31, 2024. Total rent payments were \$30,600 for the year ended June 30, 2022. The office space is rented from a contributor at a rate below market value. The Organization recognized \$44,618 for the year ended June 30, 2022, as in-kind rent (NOTE 9).

Minimum payments for operating lease commitments at June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 68,779
2024	68,779
2025	35,875
2026	2,971
2027	1,983
	<u>\$ 178,387</u>

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

The Organization periodically receives donations of services, when donated services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of the donation is recorded as contribution revenue in the period received.

NASHVILLE CIVIC DESIGN CENTER
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS (Continued)

The following donations are reflected as contributions of nonfinancial assets with no associated donor restriction in the accompanying statement of activities for the year ended June 30, 2022:

	<u>Valuation Techniques and Inputs</u>	
Office rent below market value	The Organization estimated the fair value on the basis of current rates for occupancy	\$ 44,618
Other goods	Contributed goods at estimated fair value based on current rates for similar items	2,120
		<u>\$ 46,738</u>

Contributions of nonfinancial assets and their use in programs and other activities are as follows:

	<u>Year Ended September 30, 2022</u>			
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Office rent below market value	\$ 35,694	\$ 8,031	\$ 893	\$ 44,618
Other goods	<u>2,120</u>	<u>-</u>	<u>-</u>	<u>2,120</u>
	<u>\$ 37,814</u>	<u>\$ 8,031</u>	<u>\$ 893</u>	<u>\$ 46,738</u>

NOTE 10 – CONCENTRATIONS

The Organization receives a significant amount of its public support and revenue from government grants. The Organization also receives a substantial amount of contributed nonfinancial assets. 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.

At June 30, 2022, 98% of accounts payable was owed to three vendors.

At June 30, 2022, 79% of accounts receivables were from three grantors.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has performed a review of events subsequent to the statement of financial position date through March 9, 2023, the date the financial statements were available to be issued.