

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

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

**YEARS ENDED JUNE 30, 2022 AND 2021**

## TABLE OF CONTENTS

	<b><u>Page</u></b>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flow	6
Notes to Financial Statements	7-11
Supplemental Schedules to Statements of Activities	12-13



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of the Arts and Business Council of Greater Nashville, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Arts and Business Council of Greater Nashville, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Arts and Business Council of Greater Nashville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Arts and

Business Council of Greater Nashville's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Arts and Business Council of Greater Nashville'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 the Arts and Business Council of Greater Nashville'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.

Kraft & Company, PLLC

Nashville, TN  
November 30, 2022

A handwritten signature in black ink that reads "Kraft & Company, PLLC". The signature is written in a cursive, flowing style.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
Cash		
Arts and Business Council of Greater Nashville, Inc.	\$ 390,572	\$ 312,821
Fiscally Sponsored Organizations	64,497	40,525
Total Cash	455,069	353,346
Contributions Receivable	13,972	39,586
Total Contributions Receivable	13,972	39,586
Total Assets	\$ 469,041	\$ 392,932
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 1,206	\$ -
Long Term Debt - current portion	1,067	-
Deferred Revenue	11,782	12,300
Salary Payable - Belmont	-	38,159
Total Current Liabilities	14,055	50,459
Long Term Liabilities		
Accrued Interest	4,529	2,134
Long Term Debt	79,133	80,200
Total Long Term Liabilities	83,662	82,334
Total Liabilities	\$ 97,717	\$ 132,793
Net Assets:		
Without Donor Restrictions		
Undesignated	367,770	259,052
Board designated	3,554	1,087
Total Net Assets	371,324	260,139
Total Liabilities and Net Assets	\$ 469,041	\$ 392,932

See Independent Auditor's Report and Notes to Financial Statements.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support:</b>			
Corporate Contributions and Grants	\$ 141,460	\$ 11,253	\$ 152,713
Individual Giving	33,146	39,158	72,304
Program Fees	29,066	-	29,066
Public Grants	110,850	5,000	115,850
Education and Seminars	10,031	-	10,031
Other Revenue	46,900	4,225	51,125
Membership Dues	7,095	-	7,095
Interest Income	307	-	307
Net Assets Released from Restrictions (See Note 1)	59,636	(59,636)	-
	<u>438,491</u>	<u>-</u>	<u>438,491</u>
<b>Expenses:</b>			
Salaries and Related Expenses	188,101	-	188,101
Programs	65,964	-	65,964
Education and Seminars	30,669	-	30,669
Professional fees	11,000	-	11,000
Special Events	11,439	-	11,439
Meetings and Travel	2,370	-	2,370
Interest Expense - EIDL	2,396	-	2,396
Insurance	3,630	-	3,630
Office Expenses	5,106	-	5,106
Marketing	2,281	-	2,281
Fundraising	784	-	784
Miscellaneous	2,285	-	2,285
	<u>326,025</u>	<u>-</u>	<u>326,025</u>
Change in Net Assets	112,466	-	112,466
<b>Net Assets:</b>			
Beginning of Year	<u>260,139</u>	<u>-</u>	<u>260,139</u>
Transfer to close fiscally sponsored organizations (See Note 8)	(1,281)	-	(1,281)
End of Year	<u>\$ 371,324</u>	<u>\$ -</u>	<u>\$ 371,324</u>

See Independent Auditor's Report and Notes to Financial Statements.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Corporate Contributions and Grants	\$ 19,118	\$ 238,078	\$ 257,196
Individual Giving	34,199	10,167	44,366
Program Fees	95,615	-	95,615
Public Grants	74,558	5,000	79,558
Education and Seminars	12,800	-	12,800
Other Revenue	26,086	1,269	27,355
Membership Dues	7,761	-	7,761
Interest Income	241	-	241
Net Assets Released from Restrictions (See Note 1)	254,514	(254,514)	-
	524,892	-	524,892
Total Revenues and Other Support			
Expenses:			
Salaries and Related Expenses	173,255	-	173,255
Programs	252,349	-	252,349
Education and Seminars	12,151	-	12,151
Professional fees	9,350	-	9,350
Special Events	4,100	-	4,100
Meetings and Travel	989	-	989
Interest Expense - EIDL	2,234	-	2,234
Insurance	3,539	-	3,539
Office Expenses	4,274	-	4,274
Marketing	580	-	580
Fundraising	1,534	-	1,534
Miscellaneous	2,610	-	0
	466,965	-	464,355
Total Expenses			
Change in Net Assets	57,927	-	57,927
Net Assets:			
Beginning of Year	351,632	-	351,632
Transfer to close fiscally sponsored organizations (See Note 8)	(149,420)	-	(149,420)
End of Year	\$ 260,139	\$ -	\$ 260,139

See Independent Auditor's Report and Notes to Financial Statements.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets for the Period	\$ 112,466	\$ 57,927
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Effect on Cash from Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Contributions Receivable	25,614	(36,856)
Prepaid Expenses	-	4,356
(Decrease) increase in:		
Accounts Payable	1,206	(74,862)
Salary Payable - Belmont	(38,159)	9,498
Deferred Revenue	(518)	12,300
Accrued Interest	2,395	2,134
Total Adjustments	<u>(9,462)</u>	<u>(83,430)</u>
Net cash (used in) provided by operating activities:	<u>103,004</u>	<u>(25,503)</u>
 Cash Flows from Investing Activities:		
Transfer to close fiscally sponsored organizations	<u>(1,281)</u>	<u>(149,420)</u>
 Cash Flows from Financing Activities:		
Proceeds from Long Term Debt	<u>-</u>	<u>80,200</u>
 Net (Decrease) Increase in Cash and Cash Equivalents	101,723	(94,723)
 Cash and Cash Equivalents, Beginning of Year	<u>353,346</u>	<u>448,069</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 455,069</u>	<u>\$ 353,346</u>

See Independent Auditor's Report and Notes to Financial Statements.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The mission of The Arts and Business Council of Greater Nashville, Inc. (the “Council”) 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 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 (“GAAP”). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for nonprofit organizations within the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). Accordingly, net assets of the Council and changes therein are classified and reported as follows:

- *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 Council. These net assets may be used at the discretion of the Council’s management and the board of directors. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
- *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the purpose of these financial statements, revenue and support with donor restrictions are the amounts collected on behalf of the fiscally sponsored organizations.

See Independent Auditor’s Report.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Cash and Cash Equivalents – For purposes of reporting cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be 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. The Council uses the direct write-off method for determining if contributions are uncollectible.

Special Events – 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 included in special events cash receipts in the financial statements.

Estimates – The preparation of the 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.

Donated Services – Services are donated by many individuals who are members of the Council. These services are not recorded in the accounts of The Arts and Business Council of Greater Nashville, Inc. as the Council does not exercise control over employment of the donors nor does it have a clear, measurable basis for services.

Membership Dues – The Council recognizes membership dues as revenue in the applicable membership period.

Federal Income Taxes – The Council qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation under Section 509(a)(2). Accordingly, income tax amounts are not provided.

See Independent Auditor's Report.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Forthcoming Accounting Pronouncements – In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made*. The guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This guidance is effective for annual periods beginning after June 15, 2022. The Council is evaluating the impact of this standard on its financial statements.

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Council to concentrations of credit risk consist of cash and investments. The Council maintains its cash balances in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. The balance per the bank at June 30, 2022 and 2021 exceeded the FDIC amount by approximately \$205,069 and \$103,346 respectively.

**NOTE 3 – NONCASH INVESTING AND FINANCING ACTIVITIES:**

There were no significant noncash investing and financing activities for the years ended June 30, 2022 and 2021.

**NOTE 4 – BELMONT AGREEMENT:**

The Council has moved operations to work remotely and no longer occupies space at Belmont University. 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 on December 31, 2022 for unlimited one year terms unless either party gives notice of intent to terminate at least 90 days in advance of renewal date.

See Independent Auditor’s Report.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 – LINE OF CREDIT:**

The Council has an unsecured line of credit with a bank. The line of credit bears interest at the prime rate. Lines of credit available were \$50,000 for the years ending June 30, 2022 and 2021. There were no amounts outstanding for the years ending June 30, 2022 and 2021.

**NOTE 6 – FINANCIAL ASSET AVAILABILITY**

The organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensue funds are available as its expenditures come due. The following reflects the organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash		
Arts and Business Council of Greater Nashville, Inc.	\$ 390,572	\$ 312,821
Fiscally Sponsored Organizations	64,497	40,525
Total Cash	455,069	353,346
Contributions Receivable	13,972	39,586
Total Contributions Receivable	13,972	39,586
Total Assets	\$ 469,041	\$ 392,932

**NOTE 7 – 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 will be due monthly for thirty (30) years beginning January 2023.

See Independent Auditor’s Report.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 – LONG-TERM DEBT (CONTINUED):**

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 Borrower 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 Company intends to use the entire Loan amount for qualifying expenses.

Principal Payments on notes are due as follows:

<u>Year ending June 30,</u>	
2023	\$ 1,067
2024	2,179
2025	2,239
2026	2,302
2027	2,366
Thereafter	<u>70,047</u>
	<u>\$ 80,200</u>

**NOTE 8 – FISCALLY SPONSORED ORGANIZATIONS:**

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.

**NOTE 9 – SUBSEQUENT EVENTS:**

The Council has evaluated subsequent events through November 30, 2022, the date the financial statements were approved for issuance. No subsequent events were found that are required to be recognized or disclosed in the accompanying financial statements.

See Independent Auditor’s Report.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**SUPPLEMENTARY SCHEDULE TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	<b>Arts &amp; Business Council of Greater Nashville</b>	<b>Fiscally Sponsored Organizations</b>
<b>Revenues and Other Support:</b>		
Corporate Contributions and Grants	\$ 141,460	\$ 11,253
Individual Giving	33,146	39,158
Program Fees	29,066	-
Public Grants	110,850	5,000
Education and Seminars	10,031	-
Membership Dues	7,095	-
Other Revenue	46,900	4,225
Interest Income	307	-
	<u>378,855</u>	<u>59,636</u>
<b>Expenses:</b>		
Salaries and Related Expenses	188,101	-
Programs	21,675	44,289
Education and Seminars	30,669	-
Professional fees	11,000	-
Special Events	11,439	-
Meetings and Travel	2,370	-
Interest Expense - EIDL	2,296	100
Insurance	3,630	-
Office Expenses	5,081	25
Marketing	2,281	-
Fundraising	784	-
Miscellaneous	2,285	-
	<u>281,611</u>	<u>44,414</u>
Total Expenses	<u>281,611</u>	<u>44,414</u>
Excess of Revenue Over Expenses	97,244	15,222
<b>Net Assets:</b>		
Beginning of Year	<u>225,001</u>	<u>35,138</u>
Distribution to fiscally sponsored organizations	-	(1,281)
End of Year	<u>\$ 322,245</u>	<u>\$ 49,079</u>

See Independent Auditor's Report and Notes to Financial Statements.

**ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.**  
**SUPPLEMENTARY SCHEDULE TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	<b>Arts &amp; Business Council of Greater Nashville</b>	<b>Fiscally Sponsored Organizations</b>
<b>Revenues and Other Support:</b>		
Corporate Contributions and Grants	\$ 19,118	\$ 238,078
Individual Giving	34,199	10,167
Program Fees	95,615	-
Public Grants	74,558	5,000
Education and Seminars	12,800	-
Membership Dues	7,761	-
Other Revenue	26,086	1,269
Special Events: Arts Immersion	241	-
	<u>270,378</u>	<u>254,514</u>
<b>Expenses:</b>		
Salaries and Related Expenses	173,255	-
Programs	21,517	230,831
Education and Seminars	12,151	-
Professional fees	9,350	-
Special Events	4,100	-
Meetings and Travel	989	-
Interest Expense - EIDL	2,234	-
Insurance	3,539	-
Office Expenses	4,274	-
Marketing	580	-
Fundraising	1,534	-
	<u>2,611</u>	<u>-</u>
Total Expenses	<u>236,134</u>	<u>230,831</u>
Excess of Revenue Over Expenses	34,244	23,683
<b>Net Assets:</b>		
Beginning of Year	<u>190,757</u>	<u>160,875</u>
Distribution to fiscally sponsored organizations	-	(149,420)
End of Year	<u>\$ 225,001</u>	<u>\$ 35,138</u>

See Independent Auditor's Report and Notes to Financial Statements.