

ARTS AND BUSINESS COUNCIL  
OF GREATER NASHVILLE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
AND CHANGES IN CASH  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2012

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
AND CHANGES IN CASH

AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of cash receipts and disbursements and changes in cash of the Arts and Business Council of Greater Nashville, Inc. (the "Council") for the year ended June 30, 2012. This financial statement is the responsibility of the Council's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of cash receipts and disbursements and changes in cash is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements and changes in cash. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements and changes in cash. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statement of cash receipts and disbursements and changes in cash referred to above presents fairly, in all material respects, the cash receipts and disbursements and changes in cash of the Council for the year ended June 30, 2012 on the basis of accounting described in Note 2.

*KraftCPAs PLLC*

Nashville, Tennessee  
February 14, 2013

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED JUNE 30, 2012

CASH RECEIPTS

Corporate contributions and grants	\$ 165,009
Individual giving	58,100
Program fees	6,214
Membership dues	2,900
Other revenue	14,663
Special events:	
National Folk Festival - Note 6	573,002
Corporate Band Challenge	9,566
Arts Immersion	6,809
Bowtie Awards	56,324
ArtWorks	7,959
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TOTAL CASH RECEIPTS	900,546

CASH DISBURSEMENTS

Salaries and related expenses	205,566
Programs	4,459
Accounting fees	5,350
Professional fees	16,955
Office expenses	6,822
Printing	1,506
Occupancy expenses - Note 5	22,474
Meetings and travel	3,768
Miscellaneous	3,824
Insurance	618
Interest expense	1,777
Taxes and licenses	588
Marketing	591
Spoletto Festival	11,291
Special events:	
National Folk Festival - Note 6	601,746
Corporate Band Challenge	8,180
Arts Immersion	3,866
Bowtie Awards	30,900
ArtWorks	2,378
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TOTAL CASH DISBURSEMENTS	932,659

EXCESS OF TOTAL CASH DISBURSEMENTS OVER TOTAL CASH RECEIPTS	<hr/> (32,113)
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CASH - BEGINNING OF YEAR	<hr/> 61,002
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CASH - END OF YEAR	<hr/> \$ 28,889
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See accompanying notes to financial statement.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENT

JUNE 30, 2012

NOTE 1 - GENERAL

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 and development of life-long arts participants and supporters

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The bank accounts included in the Schedule of Cash Receipts and Disbursements and Changes in Cash include the Arts and Business Council operating account and the designated bank account for the National Folk Festival discussed in Note 6.

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 statement.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENT (CONTINUED)

JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Council files U. S. Federal Form 990 for organizations exempt from income tax. Tax returns for years prior to 2009 are no longer open for examination.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Council's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statement.

Events Occurring After Reporting Date

The Council has evaluated events and transactions that occurred between June 30, 2012 and February 14, 2013, the date the financial statement was available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LINE OF CREDIT

The Council has a \$50,000 unsecured line of credit arrangement with a financial institution. Interest on outstanding borrowings is payable monthly at the Wall Street Journal's prime rate plus 2% per annum. No borrowings on the line of credit were outstanding at June 30, 2012. The line of credit expires May 7, 2013.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Council maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of June 30, 2012, all depositor accounts were fully insured.

For the year ended June 30, 2012, cash receipts from one donor represented approximately 13% of total cash receipts.

ARTS AND BUSINESS COUNCIL OF GREATER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENT (CONTINUED)

JUNE 30, 2012

NOTE 5 - OCCUPANCY COSTS

During the year ended June 30, 2012, the Council shared office space with the Nashville Area Chamber of Commerce (the "Chamber"). The Council paid the Chamber its allocated share of office space, telephone and other occupancy related costs.

In January 2013, the Council relocated to Belmont University under a collaboration agreement. The agreement provides office space and administrative services at no cost to the Council. The Council will jointly explore opportunities for collaborative efforts with Belmont University to support and advance Nashville's creative culture.

NOTE 6 - NATIONAL FOLK FESTIVAL EVENT

In December 2010, the Council entered into an arrangement with Nashville Folk and Roots ("NFR"), a Tennessee nonprofit public benefit corporation to serve as a fiscal sponsor. NFR was organized to present the National Folk Festival (the "Festival") in Nashville in September 2011.

Under the terms of the agreement, the Council provided fundraising and administrative support for the Festival and established and operated a designated bank account segregated on the Council's books to receive contributions and grants and disburse funds as directed by NFR. The agreement states that the Council will assume no financial obligation or liability for the Festival. An administrative fee will be earned by the Council equal to 7.5% of the cash funds contributed to the Festival through this arrangement. A fee of \$10,000 was paid during the prior fiscal year. The remaining administrative fees were earned by the Council but were not paid. The Council does not expect to be paid the remaining administrative fee from NFR.

As part of the agreement, the Council assisted NFR in applying for exemption under IRS Code Section 501(c)(3). Prior to June 30, 2012, the Council and NFR agreed to end the fiscal sponsor relationship.

As of June 30, 2011, the Council's designated bank account balance available for the September Festival's activities was \$29,777 and is included in cash at the beginning of the fiscal year. This account was closed prior to year end.