

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2013 and 2012

NASHVILLE CIVIC DESIGN CENTER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Nashville Civic Design Center (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, 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, Owen + Hand, PLLC

December 10, 2013

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,539	\$ 68,283
Accounts receivable	<u>10,265</u>	<u>18,582</u>
Total current assets	29,804	86,865
Furniture and equipment, net	<u>3,897</u>	<u>5,603</u>
Total assets	<u><u>\$ 33,701</u></u>	<u><u>\$ 92,468</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 25,218</u>	<u>\$ 24,250</u>
Total current liabilities	<u>25,218</u>	<u>24,250</u>
Net assets:		
Unrestricted	483	63,218
Temporarily restricted	<u>8,000</u>	<u>5,000</u>
Total net assets	<u>8,483</u>	<u>68,218</u>
Total liabilities and net assets	<u><u>\$ 33,701</u></u>	<u><u>\$ 92,468</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
In-kind contributions	\$ 122,996	\$ -	\$ 122,996
Special events	94,195	-	94,195
Contributions	73,743	17,750	91,493
Grant revenue	76,656	-	76,656
Membership dues	8,350	-	8,350
Other	4,989		4,989
Net assets released from restrictions	<u>14,750</u>	<u>(14,750)</u>	<u>-</u>
Total public support and revenue	<u>395,679</u>	<u>3,000</u>	<u>398,679</u>
Expenses:			
Program services	285,093	-	285,093
Supporting services:			
General and administrative	104,117	-	104,117
Fundraising	<u>69,204</u>	<u>-</u>	<u>69,204</u>
Total expenses	<u>458,414</u>	<u>-</u>	<u>458,414</u>
Change in net assets	(62,735)	3,000	(59,735)
Net assets - beginning of year	<u>63,218</u>	<u>5,000</u>	<u>68,218</u>
Net assets - end of year	<u><u>\$ 483</u></u>	<u><u>\$ 8,000</u></u>	<u><u>\$ 8,483</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Grant revenue	\$ 186,708	\$ -	\$ 186,708
In-kind contributions	122,363	-	122,363
Special events	90,214	-	90,214
Contributions	46,317	35,260	81,577
Other	10,455	-	10,455
Membership dues	8,602	-	8,602
Net assets released from restrictions	46,010	(46,010)	-
	<u>510,669</u>	<u>(10,750)</u>	<u>499,919</u>
Expenses:			
Program services	342,216	-	342,216
Supporting services:			
General and administrative	115,881	-	115,881
Fundraising	70,850	-	70,850
	<u>528,947</u>	<u>-</u>	<u>528,947</u>
Change in net assets	(18,278)	(10,750)	(29,028)
Net assets - beginning of year	<u>81,496</u>	<u>15,750</u>	<u>97,246</u>
Net assets - end of year	<u><u>\$ 63,218</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 68,218</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes in-kind salaries of \$53,934)	\$ 120,092	\$ 64,619	\$ 37,354	\$ 222,065
Employee benefits (includes in-kind benefits of \$22,312)	17,848	6,490	2,704	27,042
Total compensation	137,940	71,109	40,058	249,107
Professional fees	59,402	10,526	-	69,928
Office rent (includes in-kind rent of \$45,970)	46,376	8,695	2,899	57,970
Fundraising event costs	-	-	25,234	25,234
Meetings (includes in-kind of \$780)	17,710	667	-	18,377
Publications	7,816	1,422	474	9,712
Telecommunications	6,461	1,212	404	8,077
Insurance	-	4,923	-	4,923
Equipment lease and maintenance	4,361	485	-	4,846
Parking	1,755	2,145	-	3,900
Other	307	2,319	102	2,728
Marketing	899	-	-	899
Office supplies	531	100	33	664
Professional development and dues	-	343	-	343
Total expenses before depreciation	283,558	103,946	69,204	456,708
Depreciation	1,535	171	-	1,706
Total expenses	<u>\$ 285,093</u>	<u>\$ 104,117</u>	<u>\$ 69,204</u>	<u>\$ 458,414</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes in-kind salaries of \$45,161)	\$ 161,625	\$ 66,197	\$ 37,345	\$ 265,167
Employee benefits (includes in-kind benefits of \$28,817)	22,291	8,106	3,377	33,774
Total compensation	183,916	74,303	40,722	298,941
Professional fees	53,936	18,155	-	72,091
Office rent (includes in-kind rent of \$45,970)	46,375	8,695	2,898	57,968
Publications	30,596	306	102	31,004
Fundraising event costs	-	-	25,466	25,466
Telecommunications	6,689	1,254	418	8,361
Meetings (includes in-kind of \$1,649)	7,700	431	-	8,131
Other	2,504	4,490	833	7,827
Equipment lease and maintenance (includes in-kind of \$766)	5,467	846	269	6,582
Parking	1,690	2,065	-	3,755
Insurance	-	3,638	-	3,638
Professional development and dues	939	1,360	49	2,348
Office supplies	1,483	278	93	1,854
Marketing	384	-	-	384
Total expenses before depreciation	341,679	115,821	70,850	528,350
Depreciation	537	60	-	597
Total expenses	<u>\$ 342,216</u>	<u>\$ 115,881</u>	<u>\$ 70,850</u>	<u>\$ 528,947</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (59,735)	\$ (29,028)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,706	597
Changes in operating assets and liabilities:		
Accounts receivable	8,317	41,917
Accounts payable and accrued expenses	<u>968</u>	<u>11,446</u>
Net cash (used in) provided by operating activities	<u>(48,744)</u>	<u>24,932</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>-</u>	<u>(4,248)</u>
Net cash used in investing activities	<u>-</u>	<u>(4,248)</u>
Net (decrease) increase in cash and cash equivalents	(48,744)	20,684
Cash and cash equivalents - beginning of year	<u>68,283</u>	<u>47,599</u>
Cash and cash equivalents - end of year	<u><u>\$ 19,539</u></u>	<u><u>\$ 68,283</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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, 2013 and 2012.

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

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and 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.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2010 through 2013.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements 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 \$899 and \$384 for the years ended June 30, 2013 and 2012, respectively.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Subsequent Events

The Organization evaluated subsequent events through December 10, 2013, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – FURNITURE AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 53,146	\$ 53,146
Less: accumulated depreciation	<u>(49,249)</u>	<u>(47,543)</u>
	<u><u>\$ 3,897</u></u>	<u><u>\$ 5,603</u></u>

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Technology upgrades	\$ 5,000	\$ -
Living the Plan of Nashville 2013	3,000	-
Design Your Neighborhood	<u>-</u>	<u>5,000</u>
	<u><u>\$ 8,000</u></u>	<u><u>\$ 5,000</u></u>

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

NOTE 4 – OPERATING LEASES

The Organization leases office space under an agreement that expired May 2010 and has been extended under similar terms on a month-to-month basis. Total rent payments were \$12,000 for the years ended June 30, 2013 and 2012, respectively. The office space is rented from a contributor at a rate below market value. The Organization recognized \$45,970 for the years ended June 30, 2013 and 2012, respectively, as in-kind rent.

NOTE 5 – IN-KIND CONTRIBUTIONS AND EXPENSES

The Organization received in-kind contributions as follows during the years ended June 30:

	<u>2013</u>	<u>2012</u>
Employee salaries and benefits	\$ 76,246	\$ 73,978
Office rent below market value	45,970	45,970
Goods and services	<u>780</u>	<u>2,415</u>
	<u>\$ 122,996</u>	<u>\$ 122,363</u>

NOTE 6 – 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.

NOTE 7 – SPECIAL EVENTS

The following is a summary of special event contributions received and expenses incurred for each major fundraising activity for the year ended June 30:

	<u>2013</u>		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Living the Plan	\$ 89,725	\$ 16,234	\$ 73,491
Other	<u>4,470</u>	<u>9,000</u>	<u>(4,530)</u>
	<u>\$ 94,195</u>	<u>\$ 25,234</u>	<u>\$ 68,961</u>
	<u>2012</u>		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Living the Plan	\$ 88,210	\$ 19,459	\$ 68,751
Other	<u>2,004</u>	<u>6,007</u>	<u>(4,003)</u>
	<u>\$ 90,214</u>	<u>\$ 25,466</u>	<u>\$ 64,748</u>