

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

***As of and for the Years Ended June 30, 2018
and 2017***

And Report of Independent Auditor

NASHVILLE CIVIC DESIGN CENTER
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS

 Statements of Financial Position 3

 Statements of Activities..... 4-5

 Statements of Functional Expenses 6-7

 Statements of Cash Flows 8

 Notes to the Financial Statements 9-12

Report of Independent Auditor

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

We have audited the accompanying financial statements of Nashville Civic Design Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The financial statements of Nashville Civic Design Center as of June 30, 2017, were audited by other auditors whose report dated October 4, 2017, expressed an unmodified opinion on those statements.

A handwritten signature in blue ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Nashville, Tennessee
November 27, 2018

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 150,884	\$ 183,325
Accounts receivable	162,658	85,367
Prepaid expenses	-	1,000
Total Current Assets	313,542	269,692
 Furniture and equipment, net	 9,590	 9,121
Total Assets	\$ 323,132	\$ 278,813
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,623	\$ 21,042
Deferred revenue	1,000	-
Total Current Liabilities	27,623	21,042
 Net Assets:		
Unrestricted	49,273	215,670
Temporarily restricted	246,236	42,101
Total Net Assets	295,509	257,771
Total Liabilities and Net Assets	\$ 323,132	\$ 278,813

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Grant revenue	\$ 494,934	\$ 246,236	\$ 741,170
Special events	235,966	-	235,966
In-kind contributions	48,120	-	48,120
Contributions	43,928	-	43,928
Webstore income	1,052	-	1,052
Other	935	-	935
Net assets released from restrictions	42,101	(42,101)	-
Total Public Support and Revenue	<u>867,036</u>	<u>204,135</u>	<u>1,071,171</u>
Expenses:			
Program services	798,014	-	798,014
Supporting services:			
General and administrative	168,674	-	168,674
Fundraising	66,745	-	66,745
Total Expenses	<u>1,033,433</u>	<u>-</u>	<u>1,033,433</u>
Change in net assets	(166,397)	204,135	37,738
Net assets, beginning of year	<u>215,670</u>	<u>42,101</u>	<u>257,771</u>
Net assets, end of year	<u>\$ 49,273</u>	<u>\$ 246,236</u>	<u>\$ 295,509</u>

The accompanying notes to the financial statements are an integral part of these statements.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Grant revenue	\$ 590,238	\$ 28,965	\$ 619,203
Special events	224,911	-	224,911
In-kind contributions	55,680	-	55,680
Contributions	21,488	-	21,488
Webstore income	2,688	-	2,688
Other	1,504	-	1,504
Net assets released from restrictions	57,609	(57,609)	-
Total Public Support and Revenue	<u>954,118</u>	<u>(28,644)</u>	<u>925,474</u>
Expenses:			
Program services	651,138	-	651,138
Supporting services:			
General and administrative	181,650	-	181,650
Fundraising	83,577	-	83,577
Total Expenses	<u>916,365</u>	<u>-</u>	<u>916,365</u>
Change in net assets	37,753	(28,644)	9,109
Net assets, beginning of year	<u>177,917</u>	<u>70,745</u>	<u>248,662</u>
Net assets, end of year	<u>\$ 215,670</u>	<u>\$ 42,101</u>	<u>\$ 257,771</u>

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 388,946	\$ 101,024	\$ 15,154	\$ 505,124
Employee benefits	51,488	13,374	2,006	66,868
Total Compensation	440,434	114,398	17,160	571,992
Professional fees	103,456	16,054	357	119,867
Productions	114,995	-	-	114,995
Office rent (includes in-kind rent of \$45,000)	46,800	10,530	1,170	58,500
Fundraising event costs (includes in-kind of \$1,000)	-	-	47,814	47,814
Marketing (includes in-kind of \$900)	26,746	-	-	26,746
Strategic planning	15,268	-	-	15,268
Other	13,860	126	-	13,986
Accounting	-	8,800	-	8,800
Travel	8,516	-	-	8,516
Equipment lease and maintenance	6,912	768	-	7,680
Software	3,897	2,598	-	6,495
Office supplies	4,557	697	107	5,361
Janitorial	5,165	-	-	5,165
Professional development and dues	3,585	896	-	4,481
Banking fees	-	4,032	-	4,032
Telecommunications	1,965	442	49	2,456
Insurance	-	2,421	-	2,421
Meetings (includes in-kind of \$1,220)	1,590	88	88	1,766
Publications	268	-	-	268
Total Expenses Before Depreciation	798,014	161,850	66,745	1,026,609
Depreciation	-	6,824	-	6,824
Total Expenses	<u>\$ 798,014</u>	<u>\$ 168,674</u>	<u>\$ 66,745</u>	<u>\$ 1,033,433</u>

The accompanying notes to the financial statements are an integral part of these statements.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 245,966	\$ 64,600	\$ 9,191	\$ 319,757
Employee benefits	31,335	8,230	1,171	40,736
Total Compensation	277,301	72,830	10,362	360,493
Professional fees	103,455	79,633	11,601	194,689
Productions (includes in-kind of \$6,000)	160,595	-	-	160,595
Fundraising event costs (includes in-kind of \$2,560)	-	-	60,050	60,050
Office rent (includes in-kind rent of \$45,000)	45,600	10,260	1,140	57,000
Marketing (includes in-kind of \$900)	18,799	-	-	18,799
Equipment lease and maintenance	12,808	927	-	13,735
Office supplies	8,909	1,363	209	10,481
Other	2,307	5,775	-	8,082
Professional development and dues	6,576	1,301	-	7,877
Insurance	-	3,990	-	3,990
Telecommunications	3,038	642	71	3,751
Bad debt	-	3,000	-	3,000
Meetings (includes in-kind of \$1,220)	2,599	144	144	2,887
Software	1,418	946	-	2,364
Travel	2,095	-	-	2,095
Publications	274	-	-	274
Taxes and licenses	-	243	-	243
Total Expenses Before Depreciation	645,774	181,054	83,577	910,405
Depreciation	5,364	596	-	5,960
Total Expenses	\$ 651,138	\$ 181,650	\$ 83,577	\$ 916,365

NASHVILLE CIVIC DESIGN CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 37,738	\$ 9,109
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,824	5,960
Changes in operating assets and liabilities:		
Accounts receivable	(77,291)	(44,796)
Prepaid expenses	1,000	(1,000)
Accounts payable and accrued expenses	5,581	4,326
Deferred revenue	1,000	-
Net cash used in operating activities	<u>(25,148)</u>	<u>(26,401)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(7,293)</u>	<u>(460)</u>
Net cash used in investing activities	<u>(7,293)</u>	<u>(460)</u>
Net decrease in cash and cash equivalents	(32,441)	(26,861)
Cash and cash equivalents, beginning of year	<u>183,325</u>	<u>210,186</u>
Cash and cash equivalents, end of year	<u><u>\$ 150,884</u></u>	<u><u>\$ 183,325</u></u>

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 accounting principles generally accepted in the United States of America. 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, 2018 and 2017.

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 increase 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.

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 of three months or less when purchased to be cash equivalents.

Accounts Receivable – Accounts receivable, consisting primarily of amounts due on current projects of the Organization, are considered fully collectible. Accordingly, no allowance for doubtful accounts has been provided.

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 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 \$36,509 and \$18,799 for the years ended June 30, 2018 and 2017, respectively.

In-Kind Contributions – In-kind contributions 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 statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon the estimates of management.

Accounting Policies for Future Pronouncements – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are decreases in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, requires disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature. This standard will be effective for the fiscal year ending June 30, 2019.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the fiscal year ending June 30, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the fiscal year ending June 30, 2020. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Organization evaluated subsequent events through November 27, 2018, 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.

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Furniture and equipment

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

	2018	2017
Furniture and equipment	\$ 58,399	\$ 51,106
Less accumulated depreciation	(48,809)	(41,985)
	<u>\$ 9,590</u>	<u>\$ 9,121</u>

Note 3—Temporarily restricted net assets

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

	2018	2017
Contributions	\$ 158,000	\$ 28,965
Educational programs	88,236	13,136
	<u>\$ 246,236</u>	<u>\$ 42,101</u>

Note 4—Operating leases

The Organization leases office space under an agreement that originally expired May 2010 and has been extended under similar terms for periods of two years. As of May 31, 2016, the lease was again extended through May 2018 under similar terms. Effective May 2018, the lease was further extended through December 2019, increasing annual rent payments to \$30,000. Total rent payments were \$12,000 for the years ended June 30, 2018 and 2017, respectively. The office space is rented from a contributor at a rate below market value. The Organization recognized \$45,000 for the years ended June 30, 2018 and 2017 as in-kind rent.

Minimum payments for operating lease commitments at June 30, 2018, are as follows:

Year Ending June 30,

2019	\$ 30,000
2020	2,500
	<u>\$ 32,500</u>

Note 5—In-kind contributions and expenses

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

	2018	2017
Office rent below market value	\$ 45,000	\$ 45,000
Goods and services	3,120	10,680
	<u>\$ 48,120</u>	<u>\$ 55,680</u>

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6—Concentrations

The Organization receives a significant amount of its public support and revenue from government grants. The Organization also receives 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:

2018			
	Contributions	Expenses	Net
Living the Plan – luncheon	\$ 224,638	\$ 60,187	\$ 164,451
Other	11,328	2,885	8,443
	<u>\$ 235,966</u>	<u>\$ 63,072</u>	<u>\$ 172,894</u>
2017			
	Contributions	Expenses	Net
Living the Plan – luncheon	\$ 171,075	\$ 43,139	\$ 127,936
Living the Plan – breakfast	31,949	42,298	(10,349)
Roadtrips	11,574	19,205	(7,631)
Other	10,313	-	10,313
	<u>\$ 224,911</u>	<u>\$ 104,642</u>	<u>\$ 120,269</u>