

**NASHVILLE CIVIC DESIGN CENTER**

**FINANCIAL STATEMENTS**

**June 30, 2011 and 2010**

**NASHVILLE CIVIC DESIGN CENTER**

**TABLE OF CONTENTS**

|   |        |
|---|--------|
| Independent Auditor's Report.....       | 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 – 13 |



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, 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, Dean & Howard, PLLC*

November 28, 2011

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2011 and 2010**

|                                       | <u>2011</u>              | <u>2010</u>             |
|---------------------------------------|--------------------------|-------------------------|
| <b>ASSETS</b>                         |                          |                         |
| Current assets:                       |                          |                         |
| Cash and cash equivalents             | \$ 47,599                | \$ 35,199               |
| Accounts receivable                   | <u>60,499</u>            | <u>43,898</u>           |
| Total current assets                  | 108,098                  | 79,097                  |
| Furniture and equipment, net          | <u>1,952</u>             | <u>2,059</u>            |
| Total assets                          | <u><u>\$ 110,050</u></u> | <u><u>\$ 81,156</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>     |                          |                         |
| Current liabilities:                  |                          |                         |
| Accounts payable and accrued expenses | <u>\$ 12,804</u>         | <u>\$ 49,043</u>        |
| Total current liabilities             | <u>12,804</u>            | <u>49,043</u>           |
| Net assets:                           |                          |                         |
| Unrestricted                          | 81,496                   | 32,113                  |
| Temporarily restricted                | <u>15,750</u>            | <u>-</u>                |
| Total net assets                      | <u>97,246</u>            | <u>32,113</u>           |
| Total liabilities and net assets      | <u><u>\$ 110,050</u></u> | <u><u>\$ 81,156</u></u> |

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2011**

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>     |
|----------------------------------|---------------------|-----------------------------------|------------------|
| Public support and revenue:      |                     |                                   |                  |
| Program revenue                  | \$ 243,147          | \$ -                              | \$ 243,147       |
| In-kind contributions            | 130,743             | -                                 | 130,743          |
| Special events                   | 59,702              | 3,750                             | 63,452           |
| Contributions                    | 29,953              | 12,000                            | 41,953           |
| Grant revenue                    | 28,528              | -                                 | 28,528           |
| Membership dues                  | 20,700              | -                                 | 20,700           |
| Other                            | 11,597              | -                                 | 11,597           |
|                                  | <u>524,370</u>      | <u>15,750</u>                     | <u>540,120</u>   |
| Total public support and revenue |                     |                                   |                  |
| Expenses:                        |                     |                                   |                  |
| Program services                 | 283,621             | -                                 | 283,621          |
| Supporting services:             |                     |                                   |                  |
| General and administrative       | 114,541             | -                                 | 114,541          |
| Fundraising                      | 76,825              | -                                 | 76,825           |
|                                  | <u>191,366</u>      | <u>-</u>                          | <u>191,366</u>   |
| Total supporting services        |                     |                                   |                  |
| Total expenses                   | 474,987             | -                                 | 474,987          |
| Change in net assets             | 49,383              | 15,750                            | 65,133           |
| Net assets - beginning of year   | 32,113              | -                                 | 32,113           |
| Net assets - end of year         | <u>\$ 81,496</u>    | <u>\$ 15,750</u>                  | <u>\$ 97,246</u> |

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2010**

|                                       | <u>Unrestricted</u>     | <u>Temporarily<br/>Restricted</u> | <u>Total</u>            |
|---------------------------------------|-------------------------|-----------------------------------|-------------------------|
| Public support and revenue:           |                         |                                   |                         |
| In-kind contributions                 | \$ 132,375              | \$ -                              | \$ 132,375              |
| Program revenue                       | 82,070                  | -                                 | 82,070                  |
| Grant revenue                         | 55,532                  | -                                 | 55,532                  |
| Special events                        | 54,538                  | -                                 | 54,538                  |
| Contributions                         | 32,191                  | -                                 | 32,191                  |
| Other                                 | 2,190                   | -                                 | 2,190                   |
| Membership dues                       | 2,025                   | -                                 | 2,025                   |
| Net assets released from restrictions | 667                     | (667)                             | -                       |
| Total public support and revenue      | <u>361,588</u>          | <u>(667)</u>                      | <u>360,921</u>          |
| Expenses:                             |                         |                                   |                         |
| Program services                      | <u>131,650</u>          | <u>-</u>                          | <u>131,650</u>          |
| Supporting services:                  |                         |                                   |                         |
| General and administrative            | 156,770                 | -                                 | 156,770                 |
| Fundraising                           | <u>73,461</u>           | <u>-</u>                          | <u>73,461</u>           |
| Total supporting services             | <u>230,231</u>          | <u>-</u>                          | <u>230,231</u>          |
| Total expenses                        | <u>361,881</u>          | <u>-</u>                          | <u>361,881</u>          |
| Change in net assets                  | (293)                   | (667)                             | (960)                   |
| Net assets - beginning of year        | <u>32,406</u>           | <u>667</u>                        | <u>33,073</u>           |
| Net assets - end of year              | <u><u>\$ 32,113</u></u> | <u><u>\$ -</u></u>                | <u><u>\$ 32,113</u></u> |

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2011

|   | Program<br>Services | Supporting Services           |                  | Total<br>Expenses |
|---|---------------------|-------------------------------|------------------|-------------------|
|   |                     | General and<br>Administrative | Fundraising      |                   |
| Salaries and payroll taxes (includes<br>in-kind salaries of \$57,816) | \$ 118,836          | \$ 62,364                     | \$ 39,647        | \$ 220,847        |
| Employee benefits   | 5,680               | 2,065                         | 861              | 8,606             |
| Total compensation  | 124,516             | 64,429                        | 40,508           | 229,453           |
| Professional fees   | 83,361              | 30,622                        | -                | 113,983           |
| Office rent (includes in-kind<br>rent of \$45,970)                    | 46,376              | 8,696                         | 2,898            | 57,970            |
| Fundraising event costs (includes<br>in-kind gift of \$1,957)         | -                   | -                             | 31,313           | 31,313            |
| Other   | 6,396               | 2,528                         | 1,370            | 10,294            |
| Equipment lease and maintenance                                       | 5,792               | 877                           | 263              | 6,932             |
| Telecommunications  | 5,338               | 1,001                         | 334              | 6,673             |
| Meetings  | 6,249               | 223                           | -                | 6,472             |
| Insurance   | -                   | 3,872                         | -                | 3,872             |
| Parking   | 1,215               | 1,485                         | -                | 2,700             |
| Office supplies   | 2,125               | 398                           | 133              | 2,656             |
| Professional development and dues                                     | 1,028               | 41                            | -                | 1,069             |
| Taxes and licenses  | -                   | 231                           | -                | 231               |
| Publications  | 106                 | 20                            | 6                | 132               |
| Marketing   | 60                  | -                             | -                | 60                |
| Total expenses<br>before depreciation                                 | 282,562             | 114,423                       | 76,825           | 473,810           |
| Depreciation  | 1,059               | 118                           | -                | 1,177             |
| Total expenses  | <u>\$ 283,621</u>   | <u>\$ 114,541</u>             | <u>\$ 76,825</u> | <u>\$ 474,987</u> |

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2010**

|   | Program<br>Services | Supporting Services           |                  | Total<br>Expenses |
|---|---------------------|-------------------------------|------------------|-------------------|
|   |                     | General and<br>Administrative | Fundraising      |                   |
| Salaries and payroll taxes (includes<br>in-kind salaries of \$82,300) | \$ 49,907           | \$ 122,326                    | \$ 40,138        | \$ 212,371        |
| Employee benefits   | 4,492               | 1,634                         | 681              | 6,807             |
| Total compensation  | 54,399              | 123,960                       | 40,819           | 219,178           |
| Office rent (includes in-kind<br>rent of \$45,970)                    | 46,376              | 8,695                         | 2,899            | 57,970            |
| Fundraising event costs (includes<br>in-kind gift of \$4,105)         | -                   | -                             | 28,525           | 28,525            |
| Professional fees   | 1,907               | 11,933                        | -                | 13,840            |
| Telecommunications  | 6,917               | 1,144                         | 307              | 8,368             |
| Other   | 3,657               | 3,282                         | 135              | 7,074             |
| Equipment lease and maintenance                                       | 5,551               | 861                           | 276              | 6,688             |
| Office supplies   | 3,330               | 624                           | 208              | 4,162             |
| Professional development and dues                                     | 3,172               | 150                           | 167              | 3,489             |
| Insurance   | -                   | 3,341                         | -                | 3,341             |
| Parking   | 1,384               | 1,691                         | -                | 3,075             |
| Janitorial  | 1,638               | 307                           | 102              | 2,047             |
| Meetings  | 986                 | 109                           | -                | 1,095             |
| Marketing   | 640                 | -                             | -                | 640               |
| Publications  | 372                 | 70                            | 23               | 465               |
| Taxes and licenses  | -                   | 456                           | -                | 456               |
| Total expenses<br>before depreciation                                 | 130,329             | 156,623                       | 73,461           | 360,413           |
| Depreciation  | 1,321               | 147                           | -                | 1,468             |
| Total expenses  | <u>\$ 131,650</u>   | <u>\$ 156,770</u>             | <u>\$ 73,461</u> | <u>\$ 361,881</u> |

See accompanying notes.



**NASHVILLE CIVIC DESIGN CENTER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2011 and 2010**

|  | <u>2011</u>             | <u>2010</u>             |
|--|-------------------------|-------------------------|
| Cash flows from operating activities:  |                         |                         |
| Change in net assets   | \$ 65,133               | \$ (960)                |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used in) operating activities: |                         |                         |
| Depreciation   | 1,177                   | 1,468                   |
| Changes in operating assets and liabilities:   |                         |                         |
| Accounts receivable  | (16,601)                | (43,898)                |
| Accounts payable and accrued expenses  | <u>(36,239)</u>         | <u>23,031</u>           |
| Net cash provided by (used in) operating activities  | <u>13,470</u>           | <u>(20,359)</u>         |
| Cash flows from investing activities:  |                         |                         |
| Purchase of furniture and equipment  | <u>(1,070)</u>          | <u>-</u>                |
| Net cash used in investing activities  | <u>(1,070)</u>          | <u>-</u>                |
| Net increase (decrease) in cash and cash equivalents   | 12,400                  | (20,359)                |
| Cash and cash equivalents - beginning of year  | <u>35,199</u>           | <u>55,558</u>           |
| Cash and cash equivalents - end of year  | <u><u>\$ 47,599</u></u> | <u><u>\$ 35,199</u></u> |

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011 and 2010**

**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, 2011 and 2010.

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**

Nashville Civic Design Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization 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, 2011 and 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

The Organization follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This interpretation 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.

**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 certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement 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 \$60 and \$640 for the years ended June 30, 2011 and 2010, respectively.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011 and 2010**

**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 November 28, 2011, 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>2011</u>     | <u>2010</u>     |
|--------------------------------|-----------------|-----------------|
| Furniture and equipment        | \$ 60,301       | \$ 63,511       |
| Less: accumulated depreciation | <u>(58,349)</u> | <u>(61,452)</u> |
|                                | <u>\$ 1,952</u> | <u>\$ 2,059</u> |

**NOTE 3 – UNIVERSITY OF TENNESSEE PAYABLE**

During the 2011 and 2010 fiscal year the Organization received services from a University of Tennessee employee. The Organization committed to pay a portion of the employee's salary directly to the University of Tennessee. The balance due under this agreement totaled \$36,000 as of June 30, 2010, and was included in accounts payable and accrued expenses in the accompanying statement of financial position. During fiscal year 2011, this liability was reduced by a \$25,000 in-kind contribution. A monthly payment of \$917 was paid to the University of Tennessee to satisfy the remaining balance of \$11,000.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011 and 2010**

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

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

|                           | <u>2011</u>      | <u>2010</u> |
|---------------------------|------------------|-------------|
| Design Your Neighborhood  | \$ 12,000        | \$ -        |
| Celebrating the Plan 2011 | <u>3,750</u>     | <u>-</u>    |
|                           | <u>\$ 15,750</u> | <u>\$ -</u> |

**NOTE 5 – 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, 2011 and 2010, respectively. The office space is rented from a contributor at a rate below market. The Organization recognized \$45,970 for the years ended June 30, 2011 and 2010, respectively, as in-kind rent.

**NOTE 6 – IN-KIND CONTRIBUTIONS AND EXPENSES**

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

|                                | <u>2011</u>       | <u>2010</u>       |
|--------------------------------|-------------------|-------------------|
| Employee salaries and benefits | \$ 57,816         | \$ 82,300         |
| Office rent below market value | 45,970            | 45,970            |
| Event sponsorship              | 25,000            | -                 |
| Goods and services             | <u>1,957</u>      | <u>4,105</u>      |
|                                | <u>\$ 130,743</u> | <u>\$ 132,375</u> |

**NOTE 7 – 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.

**NASHVILLE CIVIC DESIGN CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2011 and 2010**

**NOTE 8 – FUNDRAISING**

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

| <b>2011</b>          |                             |                        |                   |
|----------------------|-----------------------------|------------------------|-------------------|
|                      | <b><u>Contributions</u></b> | <b><u>Expenses</u></b> | <b><u>Net</u></b> |
| Living the Plan      | \$ 60,949                   | \$ 23,303              | \$ 37,646         |
| Other                | 2,503                       | 8,010                  | (5,507)           |
|                      | <u>\$ 63,452</u>            | <u>\$ 31,313</u>       | <u>\$ 32,139</u>  |
| <b>2010</b>          |                             |                        |                   |
|                      | <b><u>Contributions</u></b> | <b><u>Expenses</u></b> | <b><u>Net</u></b> |
| Celebrating the Plan | \$ 50,504                   | \$ 22,896              | \$ 27,608         |
| Downtown Home Tour   | 2,500                       | -                      | 2,500             |
| Other                | 1,534                       | 5,629                  | (4,095)           |
|                      | <u>\$ 54,538</u>            | <u>\$ 28,525</u>       | <u>\$ 26,013</u>  |