

NASHVILLE JAZZ WORKSHOP

FINANCIAL STATEMENTS

December 31, 2010 and 2009

**NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS**

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

CLAYTON & ROYALTY

Certified Public Accountants

Office Address

1107 Virginia Avenue
Murfreesboro, Tennessee 37130
(615) 895-9026 Telephone

*American Institute of Certified Public Accountants
Tennessee Society of Certified Public Accountants*

Mailing Address

P. O. Box 10548
Murfreesboro, TN 37129-0548
(615) 216-6012 Facsimile

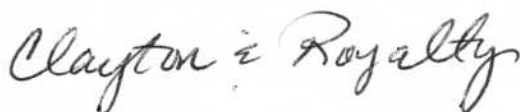
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashville Jazz Workshop
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Jazz Workshop (a nonprofit organization) as of December 31, 2010 and 2009, 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 our 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 Jazz Workshop as of December 31, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 24, 2011
Murfreesboro, Tennessee

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash	\$ 165,729	\$ 131,464
Grants receivable	<u>-</u>	<u>-</u>
Total current assets	165,729	131,464
Property and equipment, at cost or fair market value at date of donation, less accumulated depreciation	<u>34,789</u>	<u>36,843</u>
TOTAL ASSETS	<u><u>\$ 200,518</u></u>	<u><u>\$ 168,307</u></u>
LIABILITIES		
Accounts payable and accrued expenses	<u>13,261</u>	<u>4,635</u>
Total current liabilities	13,261	4,635
NET ASSETS		
Unrestricted	187,257	163,672
Temporarily Restricted	<u>-</u>	<u>-</u>
Total net assets liabilities	<u>187,257</u>	<u>163,672</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 200,518</u></u>	<u><u>\$ 168,307</u></u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2010 and 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2009</u>
Support and revenues:				
Tuition	\$ 106,367	\$ -	\$ 106,367	\$ 111,952
Grants	-	91,540	91,540	60,215
Fundraising	37,980	-	37,980	39,180
Admissions	33,838	-	33,838	37,105
Contributions and sponsorships	24,864	-	24,864	27,538
Other	3,351	-	3,351	5,667
Merchandise income	-	-	-	980
Net assets released from temporary restriction	<u>91,540</u>	<u>(91,540)</u>	<u>-</u>	<u>-</u>
Total support and revenues	297,940	-	297,940	282,637
Expenses:				
Program services	231,187	-	231,187	223,954
Management and general	<u>43,168</u>	<u>-</u>	<u>43,168</u>	<u>42,508</u>
Total expenses	<u>274,355</u>	<u>-</u>	<u>274,355</u>	<u>266,462</u>
Net increase (decrease)	23,585	-	23,585	16,175
Net assets, beginning of year	<u>163,672</u>	<u>-</u>	<u>163,672</u>	<u>147,497</u>
Net assets, end of year	<u>\$ 187,257</u>	<u>\$ -</u>	<u>\$ 187,257</u>	<u>\$ 163,672</u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2010 and 2009

	Program Services	Management and General	Total Expenses	2009
Wages and taxes	\$ 63,247	\$ 15,812	\$ 79,059	\$ 80,470
Contract services	89,852	-	89,852	84,098
Rent	15,360	3,840	19,200	19,200
Professional fees	-	4,000	4,000	4,000
Supplies and materials	12,510	3,127	15,637	14,464
Contributions	3,468	-	3,468	7,629
Repairs and maintenance	4,451	-	4,451	6,137
Travel and transportation	6,747	1,687	8,434	11,806
Employee benefits	6,829	1,708	8,537	8,825
Utilities	7,558	1,890	9,448	7,126
Promotion and printing	8,484	2,121	10,605	4,166
Miscellaneous	2,534	633	3,167	5,770
Depreciation	7,340	1,097	8,437	5,327
Equipment rent	701	-	701	125
Insurance	-	4,668	4,668	3,825
Credit card and processing fees	1,648	2,471	4,119	3,074
Dues and subscriptions	458	114	572	420
Total functional expenses	\$ <u>231,187</u>	\$ <u>43,168</u>	\$ <u>274,355</u>	\$ <u>266,462</u>

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

NASHVILLE JAZZ WORKSHOP
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 23,585	\$ 16,175
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,437	5,327
(Decrease) increase in accrued expenses	8,626	(2,749)
Decrease in grant receivables	<u>0</u>	<u>1,520</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,648	20,273
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(6,383)</u>	<u>(4,681)</u>
CASH FLOWS PROVIDED (USED) IN FINANCING ACTIVITIES		
Proceeds from bank loan	-	-
Payments on bank loan	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,265	15,592
CASH AND CASH EQUIVALENTS, beginning of year	<u>131,464</u>	<u>115,872</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 165,729</u></u>	<u><u>\$ 131,464</u></u>

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

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Jazz Workshop (the "Organization") was organized in 2000 as a not-for-profit corporation whose stated charitable purpose is providing student training and performances to the general public specific to jazz music in Nashville, Tennessee.

The sources of revenues are contributions, grants, and earned income from performances and workshops.

Basis of Accounting

The Organization recognizes revenues and expenses based on the accrual method of accounting. This method recognizes revenue when earned, and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according the three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Property and Equipment

Property and Equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and resulting gain or loss is reflected in activity of the period. The Organization generally depreciates property and equipment on a straight-line basis over the useful lives of the related assets, estimated to be approximately five years for musical equipment. Office equipment and building improvements are depreciated over seven years.

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

Revenue Recognition

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the years ended December 31, 2010 and 2009, \$17,669 and \$8,408, respectively, in grants were received that were classified as temporarily restricted, because they are designated to support performances and operations in 2010.

Cash and Cash Equivalents

The Organization considers all highly investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Donated Services and Facilities

The Organization receives services donated by a number of unpaid volunteers. Because of the difficulty in assigning values for such services, these services are generally not reflected in the accompanying financial statements. However, when an objective, measurable basis exists for valuing donated services or facilities, the amounts thereof are reflected in the financial statements as revenue and expenses. For donated services, no amounts are recorded for the years ended December 31, 2010 and 2009.

Functional Classification of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses and are based upon the guidance included in the *Audit and Accounting Guide for Not-For-Profit Organizations*, issued by the American Institute of Certified Public Accountants. The Organization incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated among the appropriate functions. The most significant of allocated costs are the costs associated with wages and payroll taxes. The Organization allocates these costs primarily using proportional methods based on the time expended by personnel on the various functions.

NASHVILLE JAZZ WORKSHOP

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

NOTE B – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Buildings	\$ 22,460	\$ 22,460
Office equipment	8,624	8,624
Decorations	5,984	5,984
Classroom equipment	5,612	5,612
Studio equipment	<u>54,136</u>	<u>47,753</u>
Total	96,816	90,433
Accumulated depreciation	<u>(62,027)</u>	<u>(53,590)</u>
Property, plant & equipment, net	<u>\$ 34,789</u>	<u>\$ 36,843</u>

NOTE C – LEASE OBLIGATIONS

The Organization leases its office building under an operating lease expiring in 2011. Future minimum lease payments under this agreement are as follows:

2011	\$ 12,800
2012	<u>-</u>
	<u>\$ 12,800</u>

The Organization has an option to extend the lease in October 2011 for an additional five year term.

The Organization also leases additional space at an off-site facility on an as-needed basis and is not obligated under any agreement. Rent expense was \$19,200 for the years ended December 31, 2010 and 2009.

NOTE D – SUBSEQUENT EVENTS

Management has evaluated events and transactions through March 24, 2011, the date on which the financial statements were available to be issued.