

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2010

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 statement of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 audit provides 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, 2010, 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.

Fraser, Dean & Howard, PLLC

January 6, 2011

**NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FINANCIAL POSITION
June 30, 2010**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 35,199
Accounts receivable	<u>43,898</u>
Total current assets	79,097
Furniture and equipment, net	<u>2,059</u>
Total assets	<u><u>\$ 81,156</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	<u>\$ 49,043</u>
Total current liabilities	<u>49,043</u>
Net assets:	
Unrestricted	32,113
Temporarily restricted	<u>-</u>
Total net assets	<u>32,113</u>
Total liabilities and net assets	<u><u>\$ 81,156</u></u>

See accompanying notes.

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

	<u>Unrestricted</u>	<u>Temporarily 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	4,215	-	4,215
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, 2010

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes 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 rent of \$45,970)	46,376	8,695	2,899	57,970
Fundraising event costs (includes 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 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
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

Cash flows from operating activities:	
Change in net assets	\$ (960)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,468
Changes in operating assets and liabilities:	
Accounts receivable	(43,898)
Accounts payable and accrued expenses	<u>23,031</u>
Net cash used in operating activities	<u>(20,359)</u>
Net decrease in cash and cash equivalents	(20,359)
Cash and cash equivalents - beginning of year	<u>55,558</u>
Cash and cash equivalents - end of year	<u><u>\$ 35,199</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 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.

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Organization's financial statements.

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. There were no temporarily restricted net assets at June 30, 2010.

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, 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

On January 1, 2009 the Organization adopted 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. Adoption of this pronouncement had no impact on the Organization's financial position or activities.

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 \$640 for the year ended June 30, 2010.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 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 January 6, 2011, when these financial statements were available to be issued. The Organization 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, 2010:

Furniture and equipment	\$ 63,511
Less: accumulated depreciation	<u>(61,452)</u>
	<u>\$ 2,059</u>

NOTE 3 – UNIVERSITY OF TENNESSEE PAYABLE

During the 2010 and 2009 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 is included in accounts payable and accrued expenses in the accompanying statement of financial position.

Subsequent to June 30, 2010, this liability was reduced by a \$25,000 in-kind contribution. A monthly payment of \$917 is being paid to the University of Tennessee to satisfy the remaining balance of \$11,000 by June 30, 2011.

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

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 year ended June 30, 2010. The office space is rented from a contributor at a rate below market. The Organization recognized \$45,970 for the year ended June 30, 2010 as in-kind rent.

NOTE 5 – IN-KIND CONTRIBUTIONS AND EXPENSES

During the year ended June 30, 2010, the Organization received in-kind contributions as follows:

Employee salaries and benefits	\$ 82,300
Office rent below market value	45,970
Goods and services	<u>4,105</u>
	<u>\$ 132,375</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 – FUNDRAISING

The following is a summary of fundraising contributions received and expenses incurred for each major fundraising activity for the year ended June 30, 2010:

	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Celebrating the Plan	\$ 50,504	\$ 22,896	\$ 27,608
Downtown Home Tour	2,500	-	2,500
Other	<u>1,534</u>	<u>5,629</u>	<u>(4,095)</u>
	<u>\$ 54,538</u>	<u>\$ 28,525</u>	<u>\$ 26,013</u>