

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2016 and 2015

NASHVILLE CIVIC DESIGN CENTER

TABLE OF CONTENTS

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



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, 2016 and 2015, 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 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, 2016 and 2015, 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.

Frasin, Du + Hand, PLLC

November 14, 2016

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 210,186	\$ 88,757
Accounts receivable	40,571	43,207
Prepaid expenses	<u>-</u>	<u>1,784</u>
Total current assets	250,757	133,748
Furniture and equipment, net	<u>14,621</u>	<u>8,770</u>
Total assets	<u><u>\$ 265,378</u></u>	<u><u>\$ 142,518</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 16,716</u>	<u>\$ 15,036</u>
Total current liabilities	<u>16,716</u>	<u>15,036</u>
Net assets:		
Unrestricted	177,917	122,482
Temporarily restricted	<u>70,745</u>	<u>5,000</u>
Total net assets	<u>248,662</u>	<u>127,482</u>
Total liabilities and net assets	<u><u>\$ 265,378</u></u>	<u><u>\$ 142,518</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Grant revenue	\$ 296,376	\$ 67,310	\$ 363,686
Special events	166,562	-	166,562
In-kind contributions	71,860	-	71,860
Contributions	56,415	3,435	59,850
Other	18,624	-	18,624
Membership dues	13,451	-	13,451
Net assets released from restrictions	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total public support and revenue	<u>628,288</u>	<u>65,745</u>	<u>694,033</u>
Expenses:			
Program services	401,694	-	401,694
Supporting services:			
General and administrative	111,723	-	111,723
Fundraising	<u>59,436</u>	<u>-</u>	<u>59,436</u>
Total expenses	<u>572,853</u>	<u>-</u>	<u>572,853</u>
Change in net assets	55,435	65,745	121,180
Net assets - beginning of year	<u>122,482</u>	<u>5,000</u>	<u>127,482</u>
Net assets - end of year	<u><u>\$ 177,917</u></u>	<u><u>\$ 70,745</u></u>	<u><u>\$ 248,662</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Grant revenue	\$ 239,003	\$ -	\$ 239,003
Special events	121,460	-	121,460
In-kind contributions	61,449	-	61,449
Contributions	57,666	5,000	62,666
Membership dues	11,665	-	11,665
Other	9,728	-	9,728
Net assets released from restrictions	<u>13,000</u>	<u>(13,000)</u>	<u>-</u>
Total public support and revenue	<u>513,971</u>	<u>(8,000)</u>	<u>505,971</u>
Expenses:			
Program services	228,425	-	228,425
Supporting services:			
General and administrative	80,710	-	80,710
Fundraising	<u>39,077</u>	<u>-</u>	<u>39,077</u>
Total expenses	<u>348,212</u>	<u>-</u>	<u>348,212</u>
Change in net assets	165,759	(8,000)	157,759
Net assets - beginning of year	<u>(43,277)</u>	<u>13,000</u>	<u>(30,277)</u>
Net deficit - end of year	<u><u>\$ 122,482</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 127,482</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 126,357	\$ 52,677	\$ 13,273	\$ 192,307
Employee benefits	10,464	4,362	1,099	15,925
Total compensation	136,821	57,039	14,372	208,232
Professional fees (includes in-kind services of \$25,000)	121,416	28,880	-	150,296
Office rent (includes in-kind rent of \$45,000)	45,600	8,550	2,850	57,000
Fundraising event costs	-	-	38,452	38,452
Productions	33,976	-	-	33,976
Travel	17,257	-	-	17,257
Meetings (includes in-kind of \$1,035)	10,572	1,140	2,891	14,603
Marketing (includes in-kind of \$825)	14,403	-	-	14,403
Other	-	7,321	-	7,321
Publications	4,974	835	278	6,087
Equipment lease and maintenance	4,982	553	-	5,535
Telecommunications	3,346	627	209	4,182
Office supplies	2,833	531	177	3,541
Insurance	-	3,407	-	3,407
Professional development and dues	699	1,811	37	2,547
Parking	1,616	674	170	2,460
Total expenses before depreciation	398,495	111,368	59,436	569,299
Depreciation	3,199	355	-	3,554
Total expenses	<u>\$ 401,694</u>	<u>\$ 111,723</u>	<u>\$ 59,436</u>	<u>\$ 572,853</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and payroll taxes (includes in-kind salaries of \$9,167)	\$ 79,296	\$ 32,198	\$ 10,685	\$ 122,179
Employee benefits (includes in-kind benefits of \$5,162)	6,030	2,193	914	9,137
Total compensation	85,326	34,391	11,599	131,316
Professional fees	58,323	22,433	-	80,756
Office rent (includes in-kind rent of \$45,000)	45,600	8,550	2,850	57,000
Fundraising event costs	-	-	23,899	23,899
Marketing	13,819	-	-	13,819
Meetings (includes in-kind of \$2,120)	6,787	138	-	6,925
Professional development and dues	5,298	1,280	279	6,857
Other	42	6,467	16	6,525
Telecommunications	4,479	840	280	5,599
Insurance	-	4,081	-	4,081
Equipment lease and maintenance	2,998	333	-	3,331
Office supplies	1,920	360	120	2,400
Parking	995	1,215	-	2,210
Publications	1,000	103	34	1,137
Taxes and licenses	-	315	-	315
Total expenses before depreciation	226,587	80,506	39,077	346,170
Depreciation	1,838	204	-	2,042
Total expenses	<u>\$ 228,425</u>	<u>\$ 80,710</u>	<u>\$ 39,077</u>	<u>\$ 348,212</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 121,180	\$ 157,759
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,554	2,042
Changes in operating assets and liabilities:		
Accounts receivable	2,636	(17,051)
Contributions receivable	-	13,000
Prepaid expenses	1,784	(1,784)
Accounts payable and accrued expenses	<u>1,680</u>	<u>(61,069)</u>
Net cash provided by operating activities	<u>130,834</u>	<u>92,897</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(9,405)</u>	<u>(8,559)</u>
Net cash used in investing activities	<u>(9,405)</u>	<u>(8,559)</u>
Net increase in cash and cash equivalents	121,429	84,338
Cash and cash equivalents - beginning of year	<u>88,757</u>	<u>4,419</u>
Cash and cash equivalents - end of year	<u><u>\$ 210,186</u></u>	<u><u>\$ 88,757</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

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, 2016 and 2015.

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, 2016 and 2015

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, 2013 through 2016.

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.

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.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$14,403 and \$13,819 for the years ended June 30, 2016 and 2015, 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.

Subsequent Events

The Organization evaluated subsequent events through November 14, 2016 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>2016</u>	<u>2015</u>
Furniture and equipment	\$ 50,645	\$ 41,240
Less: accumulated depreciation	<u>(36,024)</u>	<u>(32,470)</u>
	<u><u>\$ 14,621</u></u>	<u><u>\$ 8,770</u></u>

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Contributions	\$ 3,435	\$ 5,000
Educational programs	<u>67,310</u>	<u>-</u>
	<u>\$ 70,745</u>	<u>\$ 5,000</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. Total rent payments were \$12,000 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015 as in-kind rent. The lease requires annual payments of \$12,000.

Minimum payments for operating lease commitments at June 30, 2016 are as follows:

Year ending <u>June 30:</u>	
2017	\$ 12,000
2018	<u>11,000</u>
	<u>\$ 23,000</u>

NOTE 5 – IN-KIND CONTRIBUTIONS AND EXPENSES

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

	<u>2016</u>	<u>2015</u>
Office rent below market value	\$ 45,000	\$ 45,000
Goods and services	26,860	2,120
Employee salaries and benefits	<u>-</u>	<u>14,329</u>
	<u>\$ 71,860</u>	<u>\$ 61,449</u>

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

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:

2016			
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Living the Plan	\$ 147,466	\$ 25,219	\$ 122,247
Roadtrips	12,121	13,133	(1,012)
Other	<u>6,975</u>	<u>100</u>	<u>6,875</u>
	<u>\$ 166,562</u>	<u>\$ 38,452</u>	<u>\$ 128,110</u>
2015			
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>
Living the Plan	\$ 120,350	\$ 23,325	\$ 97,025
Other	<u>1,110</u>	<u>574</u>	<u>536</u>
	<u>\$ 121,460</u>	<u>\$ 23,899</u>	<u>\$ 97,561</u>