

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

And Report of Independent Auditor

NASHVILLE CIVIC DESIGN CENTER
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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 statements of financial position as of June 30, 2019 and 2018, 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, 2019 and 2018, 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.

Changes in Financial Statement Presentation

As discussed in Note 1, Nashville Civic Design Center adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. Nashville Civic Design Center has adopted this new accounting requirement retrospectively to all period presented in the financial statements, with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.



Nashville, Tennessee
December 9, 2019

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 199,417	\$ 150,884
Contributions receivable	33,186	158,000
Accounts receivable	97,016	4,658
Total Current Assets	329,619	313,542
 Furniture and equipment, net	 10,945	 9,590
Total Assets	\$ 340,564	\$ 323,132
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 61,550	\$ 26,623
Deferred revenue	-	1,000
Total Current Liabilities	61,550	27,623
 Net Assets:		
Without donor restrictions	36,598	49,273
With donor restrictions	242,416	246,236
Total Net Assets	279,014	295,509
Total Liabilities and Net Assets	\$ 340,564	\$ 323,132

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Grant revenue	\$ 386,513	\$ 280,451	\$ 666,964
Special events	233,507	-	233,507
In-kind contributions	50,775	-	50,775
Contributions	41,087	-	41,087
Other	962	-	962
Webstore income	808	-	808
Net assets released from restrictions	284,271	(284,271)	-
Total Public Support and Revenue	997,923	(3,820)	994,103
Expenses:			
Program services	692,135	-	692,135
Supporting services:			
General and administrative	204,996	-	204,996
Fundraising	113,467	-	113,467
Total Expenses	1,010,598	-	1,010,598
Change in net assets	(12,675)	(3,820)	(16,495)
Net assets, beginning of year	49,273	246,236	295,509
Net assets, end of year	\$ 36,598	\$ 242,416	\$ 279,014

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

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	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	867,036	204,135	1,071,171
Expenses:			
Program services	798,014	-	798,014
Supporting services:			
General and administrative	168,674	-	168,674
Fundraising	66,745	-	66,745
Total Expenses	1,033,433	-	1,033,433
Change in net assets	(166,397)	204,135	37,738
Net assets, beginning of year	215,670	42,101	257,771
Net assets, end of year	\$ 49,273	\$ 246,236	\$ 295,509

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

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes	\$ 333,630	\$ 137,238	\$ 38,146	\$ 509,014
Employee benefits	44,777	18,419	5,120	68,316
Total Compensation	378,407	155,657	43,266	577,330
Productions	108,960	-	-	108,960
Professional fees	79,467	1,741	2,145	83,353
Fundraising event costs (includes in-kind of \$20,685)	-	-	66,173	66,173
Office rent (includes in-kind rent of \$27,970)	46,376	10,435	1,159	57,970
Marketing (includes in-kind of \$900)	16,490	4,122	-	20,612
Strategic planning	11,773	-	-	11,773
Accounting	-	9,544	-	9,544
Equipment lease and maintenance	7,963	885	-	8,848
Professional development and dues	7,757	732	-	8,489
Software	5,423	1,017	339	6,779
Insurance	-	6,605	-	6,605
Telecommunications	4,912	1,105	123	6,140
Office supplies	5,080	777	119	5,976
Janitorial services	5,384	-	-	5,384
Bad debt	5,133	-	-	5,133
Travel	5,001	-	-	5,001
Other	1,422	3,414	-	4,836
Banking Fees	-	4,092	-	4,092
Meetings (includes in-kind of \$1,220)	2,587	144	143	2,874
Total Expenses Before Depreciation	692,135	200,270	113,467	1,005,872
Depreciation	-	4,726	-	4,726
Total Expenses	<u>\$ 692,135</u>	<u>\$ 204,996</u>	<u>\$ 113,467</u>	<u>\$ 1,010,598</u>

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

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	\$ 798,014	\$ 168,674	\$ 66,745	\$ 1,033,433

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

NASHVILLE CIVIC DESIGN CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (16,495)	\$ 37,738
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,726	6,824
Changes in operating assets and liabilities:		
Contributions receivable	124,814	(129,035)
Accounts receivable	(92,358)	51,744
Prepaid expenses	-	1,000
Accounts payable and accrued expenses	34,927	5,581
Deferred revenue	(1,000)	1,000
Net cash provided by (used in) operating activities	<u>54,614</u>	<u>(25,148)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(6,081)</u>	<u>(7,293)</u>
Net cash used in investing activities	<u>(6,081)</u>	<u>(7,293)</u>
Net increase (decrease) in cash and cash equivalents	48,533	(32,441)
Cash and cash equivalents, beginning of year	150,884	183,325
Cash and cash equivalents, end of year	<u>\$ 199,417</u>	<u>\$ 150,884</u>

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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, 50-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 (“U.S. GAAP”). 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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets with donor restrictions perpetual in nature at June 30, 2019 and 2018.

Contribution and Support – Contributions are recognized when received as contributions without restrictions if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period received as contributions with restrictions.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

Income Taxes – The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization follows guidance that 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 50% likely of being realized upon ultimate settlement.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP 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.

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Summary of significant accounting policies (continued)

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.

Advertising – Advertising costs are charged to expense as incurred. Advertising expense totaled \$20,612 and \$26,746 for the years ended June 30, 2019 and 2018, 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 – Expenses that can be directly attributed to one function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time incurred.

New Accounting Pronouncement – 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. The Organization has adopted these new accounting requirements retrospectively to all periods presented in the financial statements, with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14.

Accounting Policies for Future Pronouncements – 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 U.S. 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.

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Summary of significant accounting policies (continued)

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.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Reclassification – Certain reclassifications have been made to 2018 balances to conform with 2019 presentation.

Subsequent Events – The Organization evaluated subsequent events through December 9, 2019, 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—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services, as well as conduct of services undertaken to support those activities to be general expenditures.

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

Financial assets at year-end:

Cash and cash equivalents	\$ 199,417
Contributions receivable	33,186
Accounts receivable	97,016
Total financial assets	329,619
Less amounts not available to be used for general expenditures within one year:	
Net assets subject to restrictions	(242,416)
Financial assets available to meet cash needed for general expenditures within one year	\$ 87,203

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Furniture and equipment

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

	2019	2018
Furniture and equipment	\$ 64,480	\$ 58,399
Less accumulated depreciation	(53,535)	(48,809)
	<u>\$ 10,945</u>	<u>\$ 9,590</u>

Note 4—Restrictions on net assets

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Education programs	\$ 124,815	\$ 88,236
Contributions receivable	33,186	158,000
North Nashville Reclaiming Public Space & Shaping Health	59,415	-
Office renovations	25,000	-
	<u>\$ 242,416</u>	<u>\$ 246,236</u>

Note 5—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. Effective May 2018, the lease was further extended through December 2019, increasing annual rent payments to \$30,000. This agreement includes an optional extension of the lease through the December 31, 2021. Total rent payments were \$30,000 and \$12,000 for the years ended June 30, 2019 and 2018, respectively. The office space is rented from a contributor at a rate below market value. The Organization recognized \$27,970 and \$45,000 for the years ended June 30, 2019 and 2018, respectively, as in-kind rent.

Minimum payments for operating lease commitments at June 30, 2019 are as follows:

Year Ending June 30,

2020	<u>\$ 15,000</u>
	<u>\$ 15,000</u>

NASHVILLE CIVIC DESIGN CENTER

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 6—In-kind contributions and expenses

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

	2019	2018
Office rent below market value	\$ 27,970	\$ 45,000
Goods and services	22,805	3,120
	<u>\$ 50,775</u>	<u>\$ 48,120</u>

Note 7—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 8—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:

	2019		
	Contributions	Expenses	Net
Living the Plan – luncheon	\$ 225,771	\$ 64,356	\$ 161,415
Other	7,736	300	7,436
	<u>\$ 233,507</u>	<u>\$ 64,656</u>	<u>\$ 168,851</u>

	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>