NASHVILLE JAZZ WORKSHOP

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS
JUNE 30, 2023

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THOMASON
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Nashville Jazz Workshop

Opinion

We have audited the accompanying statements of Nashville Jazz Workshop which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Jazz Workshop as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nashville Jazz Workshop, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nashville Jazz Workshop's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud of error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to the risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nashville Jazz Workshop's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Nashville Jazz Workshop's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Thomason Financial Resources

November 9, 2023

NASHVILLE JAZZ WORKSHOP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS		
Current Assets		
Cash and cash equivalents	$	298,207
Accounts receivable		5,301
Grants receivable		17,320
Prepaids		3,732
Total current assets		324,560
Property and Equipment (net of accumulated depreciation of $251,099)		255,668
Other Assets		
Long-term investments		25,100
Security deposit		36,338
Total other assets		61,438
Total assets	$	641,666
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	23,223
Accrued liabilities		5,132
Deferred revenue		25,955
Tenant improvement allowance		15,070
Total current liabilities		69,380
Tenant improvement allowance		15,070
Total liabilities		84,450
Net Assets		
Without donor restrictions		548,012
With donor restrictions		9,204
Total net assets		557,216
Total liabilities and net assets	$	641,666

The accompanying notes are an integral part of these financial statements

NASHVILLE JAZZ WORKSHOP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support:			
Contributions	$ 174,606	$ 8,506	$ 183,112
Grant Revenue	145,095	-	145,095
Special event revenue:			
Revenue	110,105	-	110,105
Less direct costs	(66,967)	-	(66,967)
Net revenue from special events	43,138	-	43,138
Total public support	362,839	8,506	371,345
Other Revenue:			
Tuition	119,108	-	119,108
Less: scholarships and discounts	(4,562)	-	(4,562)
Net tuition	114,546	-	114,546
Performances	84,989	-	84,989
Rental income	8,050	-	8,050
Merchandise income	4,529	-	4,529
Investment gain, net	3,962	-	3,962
Interest income	2,855	-	2,855
Miscellaneous income	11,281	-	11,281
Total revenue	230,212	-	230,212
Net assets released from restrictions	7,510	(7,510)	-
Total public support and revenue	600,561	996	601,557
Expenses			
Program services	552,246	-	552,246
Management and general	182,854	-	182,854
Fundraising	9,757	-	9,757
Total expenses	744,857	-	744,857
Change in net assets	(144,296)	996	(143,300)
Net assets at beginning of year	692,308	8,208	700,516
Net assets at end of year	$ 548,012	$ 9,204	$ 557,216

The accompanying notes are an integral part of these financial statements

NASHVILLE JAZZ WORKSHOP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities:	
Change in net assets	$ (143,300)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	83,923
Scholarships and discounts	4,562
Investment gain, net	(3,962)
Reduction in rent expense with tenant allowance	(15,070)
Changes in operating assets and liabilities:	
Grants receivable	75,711
Accounts receivable	(5,301)
Prepaids	(537)
Accounts payable	13,041
Accrued liabilities	3,132
Tenant improvement allowance	(15,070)
Deferred revenue	14,766
Net cash provided by operating activities	11,895
Cash Flows From Investing Activities:	
Net purchases of investments	9,499
Purchases of property and equipment	(27,531)
Net cash used in investing activities	(18,032)
Net change in cash and cash equivalents	(6,137)
Cash and cash equivalents at beginning of year	304,344
Cash and cash equivalents at end of year	$ 298,207

The accompanying notes are an integral part of these financial statements

NASHVILLE JAZZ WORKSHOP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services			
	Professional Education	Performances	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 92,832	$ 66,204	$ 7,739	$ 166,775	$ 13,251	$ 669	$ 13,920	$ 180,695
Employee benefits	-	-	-	-	8,880	-	8,880	8,880
Payroll taxes	7,428	5,391	918	13,737	1,015	-	1,015	14,752
Total compensation	100,260	71,595	8,657	180,512	23,146	669	23,815	204,327
Contract labor	67,562	111,249	81,062	259,873	21,238	7,348	28,586	288,459
Professional Fees	-	-	-	-	8,925	-	8,925	8,925
Banking and merchant fees	2,139	-	-	2,139	3,209	-	3,209	5,348
Facilities	27,746	30,845	16,053	74,644	27,486	1,387	28,873	103,517
Moving and storage	-	-	-	-	4,641	-	4,641	4,641
Office expenses	6,344	7,052	3,670	17,066	6,284	317	6,601	23,667
Performance expenses	-	4,681	5,012	9,693	-	36	36	9,729
Promotion and printing	-	403	1,960	2,363	1,908	-	1,908	4,271
Insurance	5,956	-	-	5,956	2,094	-	2,094	8,050
Scholarships	912	-	3,650	4,562	-	-	-	4,562
Direct expenses of special events	-	-	-	-	-	66,967	66,967	66,967
Depreciation	-	-	-	-	83,923	-	83,923	83,923
Total expenses	$ 210,919	$ 225,825	$ 120,064	$ 556,808	$ 182,854	$ 76,724	$ 259,578	$ 816,386
Less: expenses netted with revenue on statement of activities:								
Scholarships	(912)	-	(3,650)	(4,562)	-	-	-	(4,562)
Direct expenses of special events	-	-	-	-	-	(66,967)	(66,967)	(66,967)
Total expenses by function	$ 210,007	$ 225,825	$ 116,414	$ 552,246	$ 182,854	$ 9,757	$ 192,611	$ 744,857
Current year's percentages	28.2%	30.3%	15.6%	74.1%	24.5%	1.3%	25.9%	100.0%

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Jazz Workshop (the "Organization"), a nonprofit organization chartered in the State of Tennessee in 2000, enriches people's lives and builds community through world class jazz education and performances. The Organization is supported primarily through local grants, individual contributions, and special events and earns income from tuition and performances.

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 and changes therein are classified and reported as follows:

> Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
>
> Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.
>
> Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded

Grants Receivable

The Organization considers grants receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 5-7 years for office furniture, leasehold improvements, and equipment.

Expenditures for repairs and maintenance are charged to operations when incurred.

Investments

Investments are stated at fair market value. Unrealized gains and losses as well as appreciation or depreciation in market value and dividend income are reflected in the Statement of Activities as net investment gain.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Grants and Contributions: Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Special events revenues: Revenues from special events are recognized as those events occur. Amounts received for next year's special events are recorded as deferred revenues.

Tuition: The Organization provides educational workshops, camps, and public programs. Fees for these activities are recognized as revenue at the time the activities are held. Financial aid provided by the Organization as well as sponsorships paid by individual contributions for tuition are reflected as reductions in tuition. Amounts received for next year's activities are recorded as deferred revenues.

Performances: Ticket sales are generally non-refundable and are recognized at the time the transaction is executed by the ticketholder.

Rental income: The Organization offers its building spaces for meetings and other events. Revenue from these events is recognized when the event occurs, and services are rendered to the customer.

Deferred Revenue

Deferred revenue represents amounts received in advance for workshops to be rendered in the following fiscal year. In addition, any amounts received for next year's special events are recorded as deferred revenue. Such deferred revenue is typically recognized as revenue within the following fiscal year.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

New Accounting Pronouncement

On July 1, 2022, the Organization adopted Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). 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. Since the Organization's lease subject to ASU 2016-02 is terminating close to year end June 30, 2024, the adoption of the new standard did not impact the Organization's year end June 30, 2023 financial statements.

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

> Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
>
> Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
>
> Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Equity securities, mutual funds and exchange traded products are valued at the closing price reported on the active market in which they are traded and are classified within level 1 of the valuation hierarchy.

While the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has $336,724 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $289,003, accounts receivable of $5,301, grants receivable of $17,320 and investments of $25,100. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. 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 as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023:

Leasehold improvements	$ 408,416
Studio equipment	57,412
Office equipment and fixtures	35,605
Classroom equipment	5,334
	$ 506,767
Less accumulated depreciation	(251,099)
	$ 255,668

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis and are level 1 inputs within the fair value hierarchy as of June 30, 2023.

	Level 1 Inputs
Exchange Traded Products	$18,774
Mutual Funds	5,112
Equities	1,214
	$25,100

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023, net assets with donor restrictions are available for the following purposes:

Scholarships for classes	$ 9,204

NOTE 6 – LEASE COMMITMENT

During 2021, the Organization received $75,350 in tenant leasehold improvement allowances to fund improvements at the Organization's office facility. Such amount has been recorded as a tenant improvement allowance in the Statement of Financial Position and is being recognized as a reduction in rent expense over the life of the related improvements, resulting in an annual reduction in rent totaling $15,070 for the year ended June 30, 2023. The net tenant improvement allowance totals $30,140 at June 30, 2023.

The Organization leases office facilities under an operating lease which expires September 30, 2024. Rent expense for the year ended June 30, 2023 totaled $81,581.

Future minimum rental payments under the office operating lease are as follows:

Year Ending June 30	Amount
2024	$ 80,759
2025	20,338
	$ 101,097

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 9, 2023, the issuance of the Organization's financial statements.