

NASHVILLE COMMUNITY BAIL FUND

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021

**NASHVILLE COMMUNITY BAIL FUND
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Nashville Community Bail Fund
Nashville, Tennessee

Opinion

We have audited the financial statements of Nashville Community Bail Fund, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2021, and the related statements of support, revenues, and expenses – modified cash basis, cash flows – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets as of December 31, 2021, and its support, revenues, and expenses, cash flows and functional expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 Community Bail Fund, 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1 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.

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 or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it 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 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 Community Bail Fund'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 about Nashville Community Bail Fund'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.



March 7, 2022

**NASHVILLE COMMUNITY BAIL FUND
STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2021**

ASSETS

Cash and cash equivalents	\$ 527,498
Accounts receivable, net of allowance of \$86,450	783,850
Other	1,000
Total assets	<u>\$ 1,312,348</u>

LIABILITIES AND NET ASSETS

Liabilities

Total liabilities	-
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Net Assets

Without donor restrictions	1,312,348
Total net assets	<u>1,312,348</u>
Total liabilities and net assets	<u>\$ 1,312,348</u>

The accompanying notes are an integral part of these financial statements

**NASHVILLE COMMUNITY BAIL FUND
STATEMENT OF SUPPORT, REVENUES, AND EXPENSES
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Individual contributions	\$ 197,385	\$ -	\$ 197,385
Corporate and foundation contributions	61,482	-	61,482
Grants	50,620	-	50,620
Interest income	435	-	435
Net assets released from restrictions	500	(500)	-
Total support and revenues	<u>310,422</u>	<u>(500)</u>	<u>309,922</u>
Expenses			
Program services	255,184	-	255,184
Management and general	69,906	-	69,906
Fundraising	43,588	-	43,588
Total expenses	<u>368,678</u>	<u>-</u>	<u>368,678</u>
Change in net assets	<u>(58,256)</u>	<u>(500)</u>	<u>(58,756)</u>
Net assets at beginning of year	1,370,604	500	1,371,104
Net assets at end of year	<u><u>\$ 1,312,348</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,312,348</u></u>

The accompanying notes are an integral part of these financial statements

NASHVILLE COMMUNITY BAIL FUND
STATEMENT OF FUNCTIONAL EXPENSES
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, wages and benefits	\$ 181,157	\$ 14,919	\$ 17,050	\$ 213,126
Payroll taxes	12,373	1,019	1,165	14,557
Contract labor	22,132	26,826	18,108	67,066
Bank, and credit card fees	153	102	4,853	5,108
Failure to appear loss	24,000	-	-	24,000
Insurance	-	6,811	-	6,811
Legal and professional fees	-	12,830	-	12,830
Operations	777	2,972	821	4,570
Payroll processing fees	-	1,197	-	1,197
Rent	13,000	-	-	13,000
Retirement plan administration fees	-	1,638	-	1,638
Other	1,592	1,592	1,591	4,775
Total expenses	<u>\$ 255,184</u>	<u>\$ 69,906</u>	<u>\$ 43,588</u>	<u>\$ 368,678</u>
Current year's percentages	69.2%	19.0%	11.8%	100.0%

The accompanying notes are an integral part of these financial statements

**NASHVILLE COMMUNITY BAIL FUND
STATEMENT OF CASH FLOWS
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Flows From Operating Activities:

Change in net assets	\$ (58,756)
Changes in operating assets and liabilities:	
Accounts receivable	(189,700)
Contributions receivable	25,085
Other	681
Net cash used in operating activities	<u>(222,690)</u>
 Net change in cash and cash equivalents	 (222,690)
Cash and cash equivalents at beginning of year	750,188
Cash and cash equivalents at end of year	<u><u>\$ 527,498</u></u>

The accompanying notes are an integral part of these financial statements

**NASHVILLE COMMUNITY BAIL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Community Bail Fund (the “Organization”) is a not-for-profit organization located in Nashville, Tennessee. The Organization’s purpose is to free low-income individuals from jail, connect with their loved ones, and work to end wealth-based detention through community partnerships. The Organization is supported primarily through individual, corporate and foundation contributions.

Basis of Accounting – Modified Cash

The Organization’s policy is to prepare its financial statements on the modified cash basis. Under this basis, which differs from accounting principles generally accepted in the United States of America, revenue is generally recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred. Net assets and support, revenues, and expenses 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.

**NASHVILLE COMMUNITY BAIL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Support and Revenue

The Organization receives contributions from the public to fund its operations. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Accounts Receivable

The Organization periodically evaluates the individual bail account balances to determine if any outstanding accounts are in a failure to appear status. When the Organization has a bail account balance in a failure to appear status for one year or more, the Organization includes the account balance in the allowance for doubtful accounts and recognizes and records this amount as failure to appear loss in the statement of support, revenues, and expenses. Accounts receivable are written off when deemed to be uncollectible.

Accounts receivable as of December 31, 2021 are due from one entity, Davidson County Criminal Court Clerk.

Use of Estimates

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

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.

**NASHVILLE COMMUNITY BAIL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of support, revenues, and expenses 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, wages and 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 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$1,312,348 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$527,498, accounts receivable of \$783,850, and other assets of \$1,000. 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 has a policy to structure its financial assets to be available as its general expenditures, and any other obligations come due.

NASHVILLE COMMUNITY BAIL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – EMPLOYEE RETIREMENT PLAN

The Organization sponsors a 401(k) qualified retirement plan. Employees are eligible to participate in the plan after 6 months of employment service. Contributions by the Organization will match up to 100% of 3% of annual salary deferrals and totaled \$2,472 for the year ending December 31, 2021.

NOTE 4 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Purpose restriction:

Court Watch Program	\$ 500
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NOTE 5 – CONCENTRATION OF RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.

NOTE 6 – OTHER RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2022.

**NASHVILLE COMMUNITY BAIL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 7, 2022, the issuance of the Organization's financial statements.