

NASHVILLEHEALTH

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

JUNE 30, 2020 AND 2019

NASHVILLEHEALTH

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
NashvilleHealth
Nashville, Tennessee

We have audited the accompanying financial statements of NashvilleHealth (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the year 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 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 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 NashvilleHealth as of June 30, 2020 and 2019, 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.

Bellenfant, PLLC

August 18, 2020

Nashville, Tennessee

NASHVILLEHEALTH

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS

CURRENT ASSETS	<u>2020</u>	<u>2019</u>
Cash	\$ 361,032	\$ 393,084
Accounts Receivable	-	19,250
Prepaid Expenses	<u>60</u>	<u>3,165</u>
Total Current Assets	<u>361,092</u>	<u>415,499</u>
 FIXED ASSETS		
Furniture, Fixtures, and Equipment	2,807	2,807
Less: Accumulated Depreciation	<u>(1,220)</u>	<u>(617)</u>
Total Fixed Assets	<u>1,587</u>	<u>2,190</u>
Total Assets	<u><u>362,679</u></u>	<u><u>417,689</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	15,487	54,813
Deferred Revenue	28,112	96,436
SBA PPP Loan Payable	<u>46,455</u>	<u>-</u>
Total Current Liabilities	<u>90,054</u>	<u>151,249</u>
Total Liabilities	<u>90,054</u>	<u>151,249</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>272,625</u>	<u>266,440</u>
Total Net Assets Without Donor Restrictions	<u>272,625</u>	<u>266,440</u>
Total Liabilities and Net Assets	<u><u>\$ 362,679</u></u>	<u><u>\$ 417,689</u></u>

The accompanying notes are an integral part of these statements.

NASHVILLEHEALTH

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

REVENUE	<u>2020</u>	<u>2019</u>
Public Support:		
In-Kind Donations	\$ 48,220	\$ 76,820
Contributions	350,215	624,071
Foundation Grants	183,836	130,777
Program Grants	<u>12,000</u>	<u>20,000</u>
Total Public Support	<u>594,271</u>	<u>851,668</u>
Other Revenue:		
Investment Gain (Loss)	<u>499</u>	<u>-</u>
Total Revenue	<u>594,770</u>	<u>851,668</u>
EXPENSES		
Program Services	494,695	691,882
Management and General	39,942	43,283
Fundraising	<u>53,948</u>	<u>90,127</u>
Total Expenses	<u>588,585</u>	<u>825,292</u>
Change in Net Assets	6,185	26,376
Net Assets, beginning of the year	<u>266,440</u>	<u>240,064</u>
Net Assets, end of the year	<u><u>\$ 272,625</u></u>	<u><u>\$ 266,440</u></u>

The accompanying notes are an integral part of these statements.

NASHVILLEHEALTH

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 206,002	\$ 11,445	\$ 11,445	\$ 228,892
Payroll Taxes	16,648	925	925	18,498
In-Kind	43,398	2,411	2,411	48,220
Communications and Marketing	21,508	1,195	1,195	23,898
Meetings and Events	1,541	-	-	1,541
Strategic Planning	59,663	-	-	59,663
Child Health Awareness Campaign	5,000	-	-	5,000
Community Survey	38,366	-	-	38,366
Hypertension Program	13,206	-	-	13,206
Environment	12,182	-	-	12,182
Tobacco Awareness Campaign	11,209	-	-	11,209
Travel, Meals, and Entertainment	6,912	384	384	7,680
Legal Fees	-	-	-	-
Accounting	774	14,712	-	15,486
Consultant Fees	558	-	37,175	37,733
Legislative Services	52,208	2,748	-	54,956
Insurance	2,252	125	125	2,502
Licenses and Taxes	16	289	6	311
Depreciation	30	561	12	603
Office Expenses	232	4,313	93	4,638
Information Technology	33	605	13	651
Investment Fees	-	65	-	65
Payroll Processing Fees	2,564	142	142	2,848
Miscellaneous	393	22	22	437
Total Expenses	<u>\$ 494,695</u>	<u>\$ 39,942</u>	<u>\$ 53,948</u>	<u>\$ 588,585</u>

The accompanying notes are an integral part of these statements.

NASHVILLEHEALTH

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 221,230	\$ 12,291	\$ 12,291	\$ 245,812
Payroll Taxes	16,779	932	932	18,643
In-Kind	69,138	3,841	3,841	76,820
Communications and Marketing	22,602	1,256	1,256	25,114
Meetings and Events	13,085	-	-	13,085
Strategic Planning	-	-	-	-
Child Health Awareness Campaign	18,734	-	-	18,734
Community Survey	266,537	-	-	266,537
Hypertension Program	4,303	-	-	4,303
Environment	-	-	-	-
Tobacco Awareness Campaign	20,946	-	-	20,946
Travel, Meals, and Entertainment	11,313	628	628	12,569
Legal Fees	2,430	135	135	2,700
Accounting	614	11,663	-	12,277
Consultant Fees	-	-	70,468	70,468
Legislative Services	17,528	922	-	18,450
Insurance	2,931	163	163	3,257
Licenses and Taxes	36	670	14	720
Depreciation	18	342	7	367
Office Expenses	423	7,874	169	8,466
Information Technology	125	2,328	50	2,503
Investment Fees	-	65	-	65
Payroll Processing Fees	3,044	169	169	3,382
Miscellaneous	66	4	4	74
Total Expenses	<u>\$ 691,882</u>	<u>\$ 43,283</u>	<u>\$ 90,127</u>	<u>\$ 825,292</u>

The accompanying notes are an integral part of these statements.

NASHVILLEHEALTH

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
Change in Net Assets	\$ 6,185	\$ 26,376
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	603	367
(Increase) Decrease in:		
Accounts Receivable	19,250	(14,250)
Prepaid Expenses	3,105	(450)
Increase (Decrease) in:		
Accounts Payable	(39,326)	45,989
Deferred Revenue	(68,324)	(184,028)
SBA Payroll Protection Loan	46,455	-
Net Cash Provided (Used) by Operating Activities	<u>(32,052)</u>	<u>(125,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Addition) Disposal of:		
Fixed Assets	<u>-</u>	<u>(1,059)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(1,059)</u>
Net Increase (Decrease) in Cash	(32,052)	(127,055)
Cash, beginning of the year	<u>393,084</u>	<u>520,139</u>
Cash, end of the year	<u><u>\$ 361,032</u></u>	<u><u>\$ 393,084</u></u>

The accompanying notes are an integral part of these statements.

NASHVILLEHEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

NashvilleHealth creates a culture of health and wellbeing by serving as a convener to open dialogue, align resources, and build smart strategic partnerships to create a plan for health unique to Nashville's needs.

Program Services:

NashvilleHealth aims to create a comprehensive plan for health unique to Nashville's needs by leveraging the resources of our city, region, and national leaders. By identifying specific and measurable community health indicators where improvement would be most impactful, NashvilleHealth plans to develop a comprehensive and practical roadmap for clearly defined action to improve health.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$272,625 and \$266,440 of net assets without donor restrictions as of June 30, 2020 and 2019, respectively.

Net assets with donor restrictions - These are 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. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of June 30, 2020 and 2019.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

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. The cash accounts are held by financial institutions, and the balance on the Pinnacle Financial Partners account currently exceeds the insurance coverage of the Federal Deposit Insurance Corporation (FDIC).

Accounts Receivable and Allowance for Doubtful Accounts

It is the policy of the Organization to record accounts receivable when the amount to be received becomes known. Management considers all receivables as of June 30, 2020 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Prepaid Expenses

Prepaid expenses consist of insurance payments made prior to and applicable to the subsequent fiscal year.

Investments

The Organization accounts for investments in accordance with FASB Accounting Standards Codification topic relating to Accounting for Certain Investments Held by Not-for-Profit Organizations. Under FASB Accounting Standards Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Investment income and unrealized gains and losses are reported as changes in unrestricted net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are reported.

Change in Accounting Principle

In May 2014, 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 year ended June 30, 2020.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In June 2018, 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 a 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. ASU 2018-08 is effective for the Organization for the year ended June 30, 2020.

Accounting Policies for Future Pronouncements

In February 2016, 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 balance sheet 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 income statement. This standard will be effective for the fiscal year ending June 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Fixed Assets

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. Property and equipment is recorded at cost at the date of purchase. Donated property and equipment are recorded at their fair value at the date of the donation. Certain property and equipment have been purchased in part or in full with grant funds, and to that extent, the State of Tennessee retains a reversionary interest in these assets in the event of their disposition. Depreciation is calculated by the straight-line method over the useful lives of the respective assets as follows:

Computer Equipment	3 Years
Furniture and Equipment	7 years

Income Taxes

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax.

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 estimates.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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. As of June 30, 2020 and 2019, all contributions are considered unrestricted.

Expense 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. Accordingly, certain costs have been allocated among programs and supporting services based on actual or estimated time employees spent on each function.

The procedure for categorizing consulting expenses changed for the year ending June 30, 2020. The new allocation more accurately reflects the consulting fees used for specific programs.

2. CASH

Cash consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Bank of America Checking	\$ -	\$ 375,679
Pinnacle Bank	335,264	-
Merrill Lynch	<u>25,768</u>	<u>17,405</u>
Total Cash	<u>\$ 361,032</u>	<u>\$ 393,084</u>

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

3. DEFERRED REVENUE

Deferred Revenue as of June 30, 2020 and 2019 consists of the following funds designated for use in future years:

	<u>2020</u>	<u>2019</u>
2020 Revenue	\$ -	\$ 96,436
2021 Revenue	<u>28,112</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 28,112</u>	<u>\$ 96,436</u>

4. IN-KIND DONATED SERVICES AND FACILITIES

Support and expenses for contributed services that require specialized skills, and would be purchased if not provided by the donor, are recognized at the fair value of the services received. For the year ended June 30, 2020 and 2019, the Organization received in-kind donated services and facilities as follows:

	<u>2020</u>	<u>2019</u>
Marketing	\$ 25,000	\$ 52,600
Rent	23,220	23,220
Gifts	<u>-</u>	<u>1,000</u>
Total In-Kind Donations	<u>\$ 48,220</u>	<u>\$ 76,820</u>

5. OPERATING LEASE

The Organization began leasing office space in July 2020 in Nashville, Tennessee. Rent is \$500 per month and the operating lease can be terminated at any time provided that a 30 day written notice is given.

Future minimum rental payments required are as follows:

<u>Year ending June 30,</u>	<u>Office Facilities</u>
2021	<u>6,000</u>
Total	<u>\$ 6,000</u>

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

6. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Payroll Protection Program (PPP), which provides loans to small businesses and charitable organizations to keep their employees on payroll. NashvilleHealth obtained a PPP loan for \$46,455 on April 21, 2020. The portion of loan proceeds that is spent on qualified payroll costs and operational expenses will be forgiven.

7. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	<u>\$ 361,032</u>	<u>\$ 393,084</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 361,032</u>	<u>\$ 393,084</u>

There is an adequate amount of financial assets available as of June 30, 2020 and 2019. The Organization effectively manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 18, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization characterized the outbreak of the COVID-19 coronavirus as a pandemic. The Organization receives the majority of its revenue from loyal Corporate and Foundation donors and therefore does not see the pandemic as a significant risk to its ability to generate revenue.