

NASHVILLEHEALTH

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

JUNE 30, 2021 AND 2020

NASHVILLEHEALTH

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
NashvilleHealth
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of NashvilleHealth (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years 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 NashvilleHealth as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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. 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 NashvilleHealth 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 the 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 NashvilleHealth'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 or 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 those 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 NashvilleHealth'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 NashvilleHealth'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.

Bellenfant, PLLC

Nashville, Tennessee
August 16, 2021

NASHVILLEHEALTH**STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2021 AND 2020****ASSETS**

CURRENT ASSETS	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 380,117	\$ 361,032
Accounts Receivable	-	-
Prepaid Expenses	<u>1,495</u>	<u>60</u>
Total Current Assets	<u>381,612</u>	<u>361,092</u>
FIXED ASSETS		
Furniture, Fixtures, and Equipment	2,807	2,807
Less: Accumulated Depreciation	<u>(1,823)</u>	<u>(1,220)</u>
Total Fixed Assets	<u>984</u>	<u>1,587</u>
Total Assets	<u><u>382,596</u></u>	<u><u>362,679</u></u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Accounts Payable	6,938	15,487
Accrued Expenses	3,940	-
Deferred Revenue	100,357	28,112
SBA PPP Loan Payable	<u>35,000</u>	<u>46,455</u>
Total Current Liabilities	<u>146,235</u>	<u>90,054</u>
Total Liabilities	<u>146,235</u>	<u>90,054</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>236,361</u>	<u>272,625</u>
Total Net Assets Without Donor Restrictions	<u>236,361</u>	<u>272,625</u>
Total Liabilities and Net Assets	<u><u>\$ 382,596</u></u>	<u><u>\$ 362,679</u></u>

The accompanying notes and Independent Auditor's Report are an integral part of these statements.

NASHVILLEHEALTH

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

REVENUE	<u>2021</u>	<u>2020</u>
Public Support		
In-Kind Donations	\$ 20,000	\$ 48,220
Contributions	330,518	350,215
Foundation Grants	42,755	183,836
Program Grants	<u>-</u>	<u>12,000</u>
Total Public Support	<u>393,273</u>	<u>594,271</u>
Other Revenue		
Investment Gain (Loss)	117	499
SBA PPP Loan Forgiveness	<u>46,455</u>	<u>-</u>
Total Other Revenue	<u>46,572</u>	<u>499</u>
Total Revenue	<u>439,845</u>	<u>594,770</u>
EXPENSES		
Program Services	369,592	494,695
Management and General	58,378	39,942
Fundraising	<u>48,139</u>	<u>53,948</u>
Total Expenses	<u>476,109</u>	<u>588,585</u>
Change in Net Assets	(36,264)	6,185
Net Assets, beginning of the year	<u>272,625</u>	<u>266,440</u>
Net Assets, end of the year	<u><u>\$ 236,361</u></u>	<u><u>\$ 272,625</u></u>

The accompanying notes and Independent Auditor's Report are an integral part of these statements.

NASHVILLEHEALTH

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 174,221	\$ 9,679	\$ 9,679	\$ 193,579
Payroll Taxes	12,875	715	715	14,305
Communications and Marketing, includes In-Kind of \$20,000	24,632	1,369	1,369	27,370
Meetings and Events	3,152	-	-	3,152
Strategic Planning	-	-	-	-
Child Health Awareness Campaign	-	-	-	-
Community Survey	-	-	-	-
Hypertension Program	-	-	-	-
Environment	-	-	-	-
Tobacco Awareness Campaign	-	-	-	-
Data	8,360	-	-	8,360
Healthy Communities	93,689	-	-	93,689
Chronic Conditions	1,426	-	-	1,426
Rent	5,400	300	300	6,000
Travel, Meals, and Entertainment	303	17	17	337
Accounting	971	18,448	-	19,419
Consultant Fees	-	-	35,723	35,723
Legislative Services	40,328	2,122	-	42,450
Executive Search	-	19,875	-	19,875
Insurance	2,286	127	127	2,540
Licenses and Taxes	38	703	15	756
Depreciation	30	561	12	603
Office Expenses	181	3,360	72	3,613
Information Technology	47	866	19	932
Investment Fees	-	145	-	145
Payroll Processing Fees	1,519	84	84	1,687
Miscellaneous	134	7	7	148
Total Expenses	<u>\$ 369,592</u>	<u>\$ 58,378</u>	<u>\$ 48,139</u>	<u>\$ 476,109</u>

The accompanying notes and Independent Auditor's Report 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
Communications and Marketing, includes In-Kind of \$25,000	44,008	2,445	2,445	48,898
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
Data	-	-	-	-
Healthy Communities	-	-	-	-
Chronic Conditions	-	-	-	-
Rent, Includes In-Kind of \$23,220	20,898	1,161	1,161	23,220
Travel, Meals, and Entertainment	6,912	384	384	7,680
Accounting	774	14,712	-	15,486
Consultant Fees	558	-	37,175	37,733
Legislative Services	52,208	2,748	-	54,956
Executive Search	-	-	-	-
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 and Independent Auditor's Report are an integral part of these statements.

NASHVILLEHEALTH

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ (36,264)	\$ 6,185
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	603	603
(Increase) Decrease in:		
Accounts Receivable	-	19,250
Prepaid Expenses	(1,435)	3,105
Increase (Decrease) in:		
Accounts Payable	(8,549)	(39,326)
Accrued Expenses	3,940	-
Deferred Revenue	<u>72,245</u>	<u>(68,324)</u>
Net Cash Provided (Used) by Operating Activities	<u>30,540</u>	<u>(78,507)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) Decrease in:		
SBA PPP Loan Payable	<u>(11,455)</u>	<u>46,455</u>
Net Cash Provided (Used) by Financing Activities	<u>(11,455)</u>	<u>46,455</u>
Net Increase (Decrease) in Cash	19,085	(32,052)
Cash and cash equivalents, beginning of the year	<u>361,032</u>	<u>393,084</u>
Cash and cash equivalents, end of the year	<u>\$ 380,117</u>	<u>\$ 361,032</u>

The accompanying notes and Independent Auditor's Report are an integral part of these statements.

NASHVILLEHEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 \$236,361 and \$272,625 of net assets without donor restrictions as of June 30, 2021 and 2020, 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, 2021 and 2020.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

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 within twelve 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, 2021 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 years ended June 30, 2021 and 2020.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

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 years ended June 30, 2021 and 2020.

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows*. The standard provides guidance on the classification and presentation of changes in restricted cash on the statement of cash flows. The standard also acknowledges and provides guidance on the diversity that exists within this classification. ASU 2016-18 is effective for the Organization for the years ended June 30 2021 and 2020. The accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

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 years ending June 30, 2021 and 2020. 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

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021 and 2020, 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.

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Pinnacle Bank	343,400	335,264
Merrill Lynch	<u>36,717</u>	<u>25,768</u>
Total Cash and Cash Equivalents	<u>\$ 380,117</u>	<u>\$ 361,032</u>

3. DEFERRED REVENUE

Deferred Revenue as of June 30, 2021 and 2020 consists of the following funds designated for use in future years:

	<u>2021</u>	<u>2020</u>
2021 Revenue	\$ -	\$ 28,112
2022 Revenue	<u>100,357</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 100,357</u>	<u>\$ 28,112</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, 2021 and 2020, the Organization received in-kind donated services and facilities as follows:

	<u>2021</u>	<u>2020</u>
Marketing	\$ 20,000	\$ 25,000
Rent	<u>-</u>	<u>23,220</u>
Total In-Kind Donations	<u>\$ 20,000</u>	<u>\$ 48,220</u>

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

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:

Year ending June 30,	Office Facilities
2022	6,000
Total	<u>\$ 6,000</u>

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. All loan proceeds spent on qualified payroll costs and operational expenses have been forgiven.

The Consolidated Appropriations Act was signed into law on December 21, 2020 and allowed for organizations to apply for a second PPP Loan. The Organization obtained another PPP loan for \$35,000 on February 12, 2021. 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, 2021 and 2020, reduced by amounts not available for general use:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	<u>\$ 380,117</u>	<u>\$ 361,032</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 380,117</u>	<u>\$ 361,032</u>

NASHVILLEHEALTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021 AND 2020

7. AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

There is an adequate amount of financial assets available as of June 30, 2021 and 2020. The Organization effectively manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

8. UNCERTAINTIES

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.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 16, 2021, which is the date the financial statements were available to be issued.