GROWTH ENTERPRISE NASHVILLE INC. (GENI) dba
NASHVILLE BUSINESS INCUBATION CENTER (NBIC)
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

September 30, 2019

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KBMD
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Growth Enterprise Nashville Inc. (GENI) d/b/a Nashville Business Incubation Center (NBIC)

We have audited the accompanying financial statements of Growth Enterprise Nashville Inc. ("GENI") d/b/a Nashville Business Incubation Center (NBIC) (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 GENI as of September 30, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KBMD & Associates

Nashville, TN
April 22, 2020

GROWTH ENTERPRISE NASHVILLE INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

Assets		
Current assets		
Cash and cash equivalents	$	145,307
Accounts receivable		31,462
Prepaid asset		-
Other current assets		23,309
Total current assets	$	200,077
Non-current assets		
Property & equipment, net (note-2)	$	4,524
Total non-current assets	$	4,524
Total assets	$	204,601
Liabilities		
Current liabilities		
Accounts payable	$	33,028
Accrued liabilities & credit cards		3,356
Other current liabilities		2,526
Total current liabilities	$	38,909
Non-current liabilities	$	98,703
Total liabilities	$	137,612
Net assets		
Without Donor Restrictions	$	66,989
With Donor Restrictions		-
Total net assets	$	66,989
Total liabilities and net assets	$	204,601

The accompanying notes are an integral part of these financial statements.

GROWTH ENTERPRISE NASHVILLE INC.
STATEMENT OF ACTIVITEIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenues, gains and other support	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	11,490	$ -	$ 11,490
Grants & assistance	195,635		195,635
Program service fees	94,942		94,942
Investment return	2,846		2,846
Total revenues, gains and other support	$ 304,913	$ -	$ 304,913
Expenses			
Program services	$ 250,873		$ 250,873
Supporting services			
Management and general	215,523		215,523
Fund-raising	-		-
Totl expenses	$ 466,396		$ 466,396
Other income	106,018		106,018
Change in net assets	$ (55,465)	$ -	$ (55,465)
Net assets at beginning of year	$ 122,454		$ 122,454
Net assets at end of year	$ 66,989	$ -	$ 66,989

The accompanying notes are an integral part of these financial statements.

GROWTH ENTERPRISE NASHVILLE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Service	Supporting Services		
		Management and General	Fund raising	Total
Compensation	$ 81,677	$ 35,005	$ -	$ 116,682
Employee benefit & payroll taxes	6,307	2,703		9,010
Conference and training	10,156	-	-	10,156
Depreciation	-	1,508		1,508
Dues and subscription	-	2,824	-	2,824
Food	12,079	5,177	-	17,255
Insurance	-	4,083		4,083
Interest	-	6,912	-	6,912
Management and general	3,012	-	-	3,012
License and permits	-	5,829	-	5,829
Maintenance	-	3,816	-	3,816
Marketing and advertisement	1,000	5,781		6,781
Rent	38,121	88,948	-	127,069
Utilities	3,062	7,144	-	10,205
Postage	-	63	-	63
Printing and publication	-	1,866	-	1,866
Professional fees	78,040	33,446	-	111,485
Specific assistance	9,215	3,949	-	13,164
Supplies	1,055	2,461	-	3,516
Travel expenses	496	1,158	-	1,654
Other	6,655	2,852	-	9,507
Total revenues, gains and other support	$ 250,873	$ 215,523	$ -	$ 466,396

The accompanying notes are an integral part of these financial statements.

GROWTH ENTERPRISE NASHVILLE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities		
Decrease in net asset	$	(55,465)
Adjustments to reconcile net income to net		
cash provided by (used in) operating activities:		
Depreciation		1,508
Unrealized gains on investments		
(Increase) decrease in operating assets:		
Accounts receivable		14,720
Prepaid asset		18,245
Other current assets		(15,000)
Increase (decrease) in operating liabilities		
Accounts payable		(31,439)
Accrued liabilities & credit cards		(4,870)
Net cash provided (used) in operating activities		(72,302)
Cash flows from investing activities		
Purchase of equipment	$	(30,728)
Net cash provided (used) in investing activities	$	(30,728)
Cash flows from financing activities		
Increase in notes payable	$	1,703
Withdrawal for taxes & other		-
Net cash provided (used) in financing activities	$	1,703
Net change in cash	$	(101,327)
Cash, beginning of year		246,634
Cash, end of year	$	145,307
Interest paid	$	6,912

The accompanying notes are an integral part of these financial statements.

GROWTH ENTERPRISE NASHVILLE INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1—DESCRIPTION OF ORGANIZATION

Growth Enterprise Nashville, Inc. bda Nashville Business Incubation Center (the Organization) provides business development and accountability service for small business owners to grow sustainable companies that create jobs and wealth in Middle Tennessee. The Organization which was founded on November 9, 1984 is a non-profit organization by the laws of the State of Tennessee and Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and is supported primarily through donor contributions, grants, and program service fees.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

The organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets
The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, 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 it 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.

The organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The organization maintains cash balances at several financial institutions located in Chicago and its suburbs. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. The balances occasionally exceed those limits. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to $500,000 of protection for each brokerage account, with a limit of $250,000 for claims of uninvested cash balances. Additional broker-age insurance — in addition to SIPC protection — is provided through underwriters in London. The SIPC insurance does not protect against market losses on investments.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Short Term Investments

The organization invests cash in excess of its immediate needs in money market funds and U.S Government and Government Agency issues. Short term investments are reported at fair value.

The investment policy specific to these investments is monitored by the Investment Committee of the organization's Board of Directors. The policy requires that investments be readily marketable and nonvolatile. The money market funds must be managed in accordance with Rule 2a-7 of the Securities and Exchange Commission's Investment Company Act of 1940 and have as an objective maintaining a net asset value (NAV) per share of $1.00. The U.S. Department of the Treasury issues must have a maturity of 1 year or less at time of purchase.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Prepaid and Other Assets

Prepaid and other assets are primarily classroom kits, which are reported at cost to assemble. Classroom kits are sold at minimal charge to schools because of the support of our contributors, many of whom donate the materials that are included in the kits. Thus, the cost of the kits exceeds the amount that will be realized upon sale, but the utility of the kits on the financial statement date is not impaired.

Land, Buildings, and Equipment

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of $1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvement – 20 years, or remaining lease term, if shorter

Furnishing and equipment – 5 – 7 years

Land, buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. 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. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-kind Contributions

The organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated services with an estimated fair value of $2,700 met those criteria and are included in in-kind contributions in the statement of activities. Those services were primarily teaching services used in curriculum development and the teacher training classes.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and 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.

- Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative 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 annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status
The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (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 2—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2019 are:

Cash and cash equivalents	$ 145,307
Accounts receivable	31,462
Other current assets	23,309
Total financial asset	$ 200,078

NOTE 3—FAIR VALUE MEASUREMENTS

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - — quoted prices for similar assets or liabilities in active markets;
  - — quoted prices for identical or similar assets in markets that are not active;
  - — observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - — inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions). The primary uses of fair value measures in the organization's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of short-term investments (Note 4)
- recurring measurement of endowment and long-term investments.
- recurring measurement of beneficial interests in trusts.

NOTE 4—INVESTMENTS

The Organization held $9,621 at September 30, 2019 in money market funds accounted for as cash and cash equivalent. Short-term investments are stated at fair value determined by the published NAV per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Dell	$	519
Toshiba		1,212
Office Furniture		1,307
Modern office		3,153
Business furniture		1,349
Accumulated depreciation		(3,016)
	$	4,524

NOTE 6—OPERATING LEASE COMMITMENTS

The organization has operating leases for office and meeting room facilities. The following is a schedule of future minimum rental payments:

Year ending September 30:		
2020	$	72,212
2021		92,400
2022		92,400
2023		92,400
2024		92,400
Total future minimum rental payments	$	441,812

NOTE 7— NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2019, there were no net assets with donor restrictions.

NOTE 8—OTHER INCOME

Other income consisits of insurance proceeds received from the organizations keyman insurance as a result of a loss of a previous executive director.

NOTE 9—CONCENTRATION OF RISK

A significant portion, approximately 59%, of the organization's annual funding comes from the Metropolitan Nashville Airport Authority. At September 30, 2019, $15,004 of the receivable is from Metropolitan Nashville Airport Authority.

The majority of the organization's contributions and grants are received from corporations, foundations, and individuals located in the metropolitan Nashville area and from agencies of the state of Tennessee or Davidson County and the Metropolitan Nashville Government. As such, the organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of Tennessee.

The organization’s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the organization’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

NOTE 10—SUBSEQUENT EVNETS

Subsequent events have been evaluated through April 20, 2020, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.