



# Jazz Arts Initiative

## ANNUAL REPORT

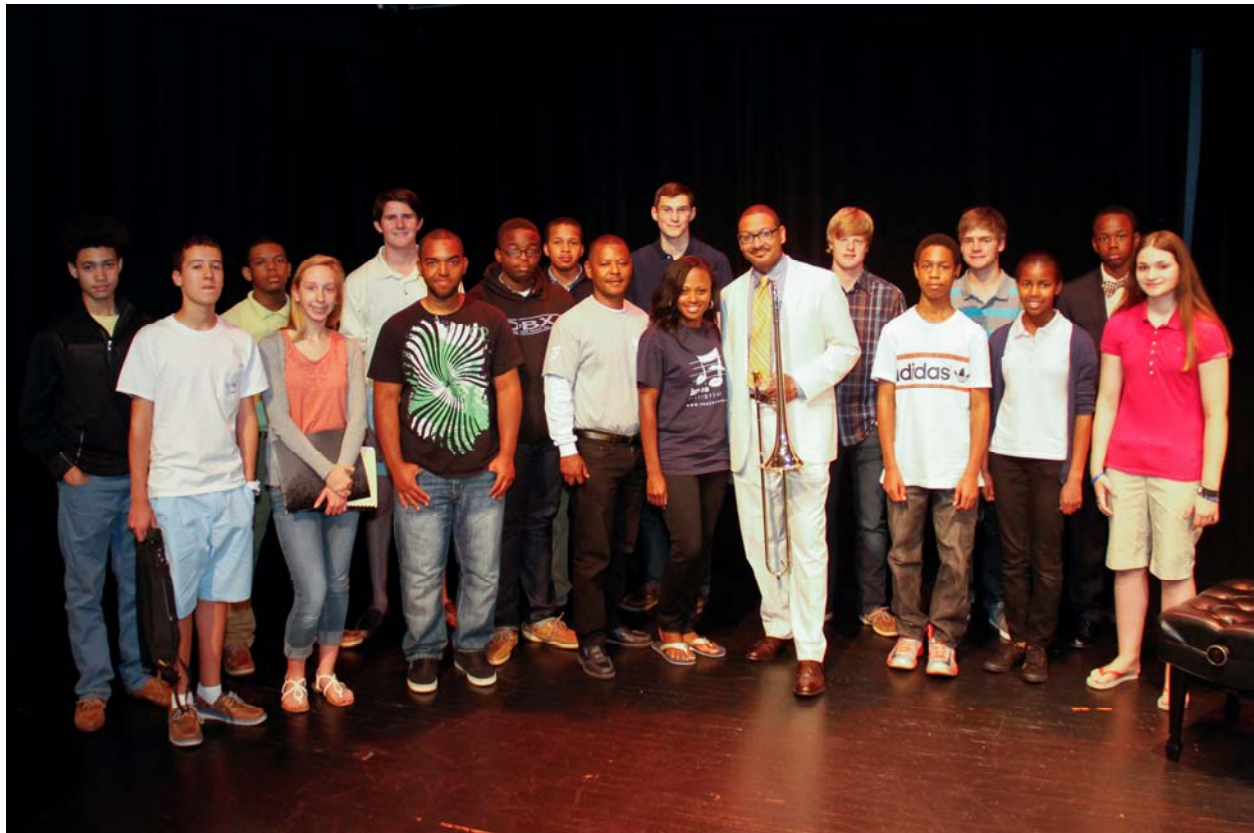
**YEAR ENDED JUNE 30, 2016**



*All-Star Ensemble Performing at the Jazz Room Holiday Show*



*Jazz Room Performance*



*Jazz Master Delfeayo Marsalis, conducting a free jazz clinic.*

# JAZZ ARTS INITIATIVE

*Our Mission:* Connecting the cultural community and developing an audience for jazz through quality education, performance and musician support.

*Our Vision:* To be a catalyst for cultural enrichment and music education that brings creative inspiration to the lives of the citizens of the Charlotte region.



*Jazz Arts Summer Camp*

# JAZZ ARTS INITIATIVE

## Board of Directors (as of June 30, 2016)

*Ronnie Bryant, Chair*  
*Todd Albaum, Vice-Chairman*  
*Ron Baldwin, Treasurer*  
*Justin Wilkes, Secretary*  
*Manual Campbell, Immediate Past Chair*  
*Joseph Butler*  
*Douglas Hartjes*  
*Kenneth Leahy*  
*James "Tripp" Guinn*  
*Curtis Davenport*  
*Bill Evans*  
*Bahiyyah Walker*  
*Albert Jones*

## Administrative Officers

*Lonnie Davis, President/CEO*  
*Ocie Davis, Artistic Director*



# JAZZ ARTS INITIATIVE

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*Jazz Room Performances*



Dear JAI Friends,

Thank you for helping fuel our continued mission to celebrate the legacy of jazz and expanding the boundaries of and opportunities to experience this original American art form through the creative production of performances and educational programs.

We have once again been able to increase the value of services delivered directly in the Charlotte region by 89 percent from \$156,000 in fiscal year 2015 to a total of \$295,000 in fiscal year 2016.

A few program highlights from the year include:

- The Jazz Room concert series at the Blumenthal Stage Door Theater has continued to exceed expectations with sold out shows nearly each month, providing a platform for the Charlotte region's most gifted musicians to perform the works of our favorite jazz masters. We added quarterly rewind Saturday concerts to the Jazz Room by bringing back previously successful tributes.
- We broadened the reach of our educational initiatives by expanding enrollment in the Jazz Youth Ensembles/Workshops program by 20% in fiscal year 2016. Newly gained scholarship funding for this program was provided by the Ella Fitzgerald Charitable Foundation.
- We were awarded a \$15,000 Duke Energy grant and \$6,050 Arts and Science Council Grant to help kick-off the Jazz in Schools program. The program is an interactive education program performed in various Charlotte Mecklenburg Schools with programs for elementary, middle and high schools. We reached over 15,000 with the Jazz in Schools program and other Jazz Academy programs.
- We were awarded a \$6,000 grant from the North Carolina Arts Council to support our Jazz Appreciation month concert and we also conducted a workshop about the history of jazz music.
- Welcomed four talented new members to the Jazz Arts Initiative Board of Directors.
- Developed new partnerships with UNC Charlotte and continued successful partnerships with the Arts and Science Council, Blumenthal Performing Arts, Concentrated, O's Place, and the Ella Fitzgerald Foundation; receiving general grants and support for the Youth Ensemble Workshops, Jazz Arts Initiative Youth Summer Camp and the Jazz Room Concert series.

Jazz Arts Initiative is stronger than ever due to our expanding support from the Charlotte community. This year alone we worked with over 50 contracted artists and impacted audiences from throughout the Carolinas. Our Board of Directors has helped us significantly increase our funding resources, while also helping to expand JAI's programmatic reach and accessibility.

Thank you for wholeheartedly being a part of the Jazz Arts Initiative effort. We are looking forward to thriving and viably serving the growing needs of our community even more in 2017!

Sincerely,

A handwritten signature in black ink that reads "Lonnie Davis".

Lonnie Davis  
President and CEO



*Jazz Arts Initiative Student Performing*



*JAI Youth Ensemble Students Meet Wynton Marsalis*



## INDEPENDENT AUDITORS' REPORT

To the Executive Committee of  
Jazz Arts Initiative  
Charlotte, North Carolina

We have audited the accompanying financial statements of Jazz Arts Initiative ("JAI" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, 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 of 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 in the first paragraph present fairly, in all material respects, the financial position of Jazz Arts Initiative, as of June 30, 2016 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.

*C. DeWitt Ford & Company, P.A.*  
March 27, 2017

**JAZZ ARTS INITIATIVE**  
**Statement of Financial Position**  
**June 30, 2016**

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**ASSETS**

Current assets	
Cash	\$ 593
Accounts receivable	3,477
Contributions receivable - current	<u>3,550</u>

        Total current assets 7,620

Contributions receivable - noncurrent 4,350

**Total assets** \$ 11,970

**LIABILITIES AND DEFICIENCY NET ASSETS**

Current liabilities	
Accounts payable	\$ 6,710
Accrued payroll and related liabilities	18,324
Deferred revenue	9,665
Other accrued expenses	250
Note payable	<u>5,855</u>

        Total current liabilities 40,804

Deficiency in net assets - unrestricted (28,834)

**Total liabilities and deficiency in net assets** \$ 11,970

**JAZZ ARTS INITIATIVE**  
**Statement of Activities**  
**Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and support</b>			
Ticket sales and subscription revenue, net	\$ 90,151	\$ -	\$ 90,151
Grant revenue	53,050	-	53,050
Donations	98,002	-	98,002
Tuition	22,052	-	22,052
Sponsorships	5,000	-	5,000
Fundraising	26,041	-	26,041
Other	705	-	705
<b>Total revenue and support</b>	295,001	-	295,001
Satisfaction of Program Restrictions	6,000	(6,000)	-
	<u>301,001</u>	<u>(6,000)</u>	<u>295,001</u>
<b>Expenditures:</b>			
Programs			
Performances	110,790	-	110,790
Jazz Academy	83,518	-	83,518
Musician Support	54,212	-	54,212
Support			
General and administrative	33,577	-	33,577
Fundraising	12,193	-	12,193
<b>Total Expenditures</b>	<u>294,290</u>	<u>-</u>	<u>294,290</u>
<b>Change in net assets</b>	6,711	(6,000)	711
<b>Deficiency in net assets, beginning of year</b>	<u>(35,545)</u>	<u>6,000</u>	<u>(29,545)</u>
<b>Deficiency in net assets, end of year</b>	<u>\$ (28,834)</u>	<u>\$ -</u>	<u>\$ (28,834)</u>

**JAZZ ARTS INITIATIVE**

**Statement of Functional Expenses  
Year Ended June 30, 2016**

	<b>Total</b>	<b>Personnel</b>	<b>Contracted Services</b>	<b>Supplies and Materials</b>	<b>Marketing and graphic design</b>	<b>Facilities and equipment rental</b>	<b>Other operating expenses</b>
<b>Programs</b>							
Performances	\$ 110,790	\$ 15,316	\$ 64,200	\$ 3,701	\$ 11,226	\$ 2,367	\$ 13,980
Jazz Academy	83,518	9,490	46,658	1,462	2,256	6,959	16,693
Musician Support	54,212	2,164	49,621	228	75	314	1,810
	<u>248,520</u>	<u>26,970</u>	<u>160,479</u>	<u>5,391</u>	<u>13,557</u>	<u>9,640</u>	<u>32,483</u>
<b>Support:</b>							
General and administrative	33,577	17,902	12,889	1,911	624	2,502	(2,251)
Fundraising	12,193	1,331	7,494	899	688	186	1,595
	<u>45,770</u>	<u>19,233</u>	<u>20,383</u>	<u>2,810</u>	<u>1,312</u>	<u>2,688</u>	<u>(656)</u>
<b>Total Expenditures</b>	<u>\$ 294,290</u>	<u>\$ 46,203</u>	<u>\$ 180,862</u>	<u>\$ 8,201</u>	<u>\$ 14,869</u>	<u>\$ 12,328</u>	<u>\$ 31,827</u>

**JAZZ ARTS INITIATIVE**  
**Statement of Cash Flows**  
**Year Ended June 30, 2016**

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**Cash flows from operating activities**

Cash received from customers/receivables		\$ 221,873
Cash received from Foundations, etc.		49,550
Board member contributions received		<u>7,640</u>
		279,063

Less cash paid to:

Contractors	\$ (183,704)	
Other vendors	(62,985)	
Employees	<u>(39,000)</u>	<u>(285,689)</u>

Net cash used in operating activities (6,626)

**Cash flows provided by financing activities**

Proceeds from note payable		<u>5,855</u>
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**Net decrease in cash**

(771)

**Cash, beginning of year**

1,364

**Cash, end of year**

\$ 593

**Reconciliation of net change in net assets to cash provided by operating activities**

Change in net assets		\$ 711
Net changes in current assets and liabilities and provided (used) cash		
Receivables	\$ (8,502)	
Accounts payables	2,047	
Accrued payroll and related liabilities	4,716	
Deferred revenue	680	
Accrued expenses	(278)	
Restricted cash	<u>(6,000)</u>	
Total adjustments		<u>(7,337)</u>

**Net cash used in operating activities**

\$ (6,626)

# JAZZ ARTS INITIATIVE

## Notes to Financial Statements Year Ended June 30, 2016

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### Note 1 - Principal Activity and Significant Accounting Policies

#### Organization and Purpose

Jazz Arts Initiative ("JAI" or the "Organization") is a non-profit 501(c)(3) organization incorporated December 22, 2009 and is dedicated to the promotion, education, preservation of jazz and related art forms. JAI is made up of arts patrons, educators, performing jazz artists, business leaders, and volunteers. Our mission focuses on three program development areas: *Jazz Performance, Education, and Musician Support*. These three elements were established to help nurture a future audience and preserve the tradition of this American Art Form, Jazz.

JAI is governed by an independent, volunteer Board of Directors who oversees the Organization's operations.

#### Financial Statement Presentation

The accompanying financial statements present all funds for which JAI's Board of Directors is responsible. Pursuant to the provisions of Financial Accounting Standards Board's Accounting Standards for *Not-For-Profit Entities*, the accompanying financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the standards, temporarily restricted contributions received and expended in the same year are reported as unrestricted receipts rather than as temporarily restricted receipts.

Contributions that are temporarily restricted and not expended within the year received are reported as an increase in temporarily restricted net assets. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

JAI did not have any temporarily or permanently restricted net assets at June 30, 2016.

#### Basis of Accounting

The accompanying financial statements were prepared using the full accrual basis of accounting whereby expenses are recorded when incurred, donations and support are recorded when the notice is received, and grant revenues are recorded when earned.

## **JAZZ ARTS INITIATIVE**

### **Notes to Financial Statements Year Ended June 30, 2016**

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#### **Use of Estimates**

The preparation of financial statements requires the Organization 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 evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

This classification appears on the Statement of Financial Position and includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

All funds of JAI are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. Deposits over insured amounts subject JAI to a concentration of credit risk. At June 30, 2016, JAI did not have any bank deposits not insured by the FDIC.

#### **Receivables**

Accounts receivable are primarily unsecured amounts due from grants and individual. JAI believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables was deemed necessary.

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. GAAP requires contributions receivable that are expected to be collected in more than one year to be recorded at fair value at the date of promise, however, the effect of recording the contributions receivable at net realizable value is not deemed material to the financial statements taken as a whole. No allowance for uncollectible contributions receivable was deemed necessary at June 30, 2016.

#### **Property and Equipment**

JAI has a policy to capitalize purchases of property and equipment items with an individual cost of \$500 or more and an estimated useful life greater than two years.

## JAZZ ARTS INITIATIVE

### Notes to Financial Statements Year Ended June 30, 2016

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#### Accrued Payroll

The Organization's President and CEO receive a salary set by the Board of Directors each year. Part of the amount is guaranteed monthly and the balance is paid based on revenue goals as compared to budget. Accrued payroll represents amounts due to for the current fiscal year and is paid subsequent to year end.

#### Deferred Revenue

Deferred revenue primarily represents unearned subscriptions revenue to the Jazz Room concert series which is a six-month period.

#### In-kind Donations

The Organization receives in-kind donations in the form of contributed office space which is recorded as donation revenue and rent expense. The total value recorded during the year ended June 30, 2016 was \$2,116.

#### Note 2 - Contributions Receivable

Contributions receivable at June 30, 2016 are due as follows:

Currently due	\$	3,550
1 year to two years		3,350
2 years to three years		<u>1,000</u>
	\$	<u><u>7,900</u></u>

#### Note 3 - Note Payable

There exists a short-term note payable of \$5,855 due to a former board member. The note is interest free for the first 60 days outstanding. Afterwards, interest begins to accrue at three percent until the balance is paid in full. No interest expense was incurred during the year ended June 30, 2016. The note was repaid subsequent to year end.



## JAZZ ARTS INITIATIVE

### Notes to Financial Statements Year Ended June 30, 2016

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#### Note 4 - Revenues by Program

For the year ended June 30, 2016, JAI's revenue by program is as follows:

Programs	
Performances	\$ 128,506
Jazz Academy	65,020
Musician Support	54,164
Support	
General and administrative	21,270
Fundraising	26,041
	<hr/>
	\$ 295,001
	<hr/> <hr/>

#### Note 5 - Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Also, the Statement of Functional Expenses, provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

##### Program Functions

##### Performances

JAI offers a monthly jazz concert featuring national and local area musicians who recreate the music of the great jazz masters.

##### Jazz Academy

The JAI All-Star Youth Jazz Ensemble is 9-month music training program where top group local high-school student performers participate in weekly jazz immersion working and performing with the region's most highly regarded teaching artists. The groups' curriculum focuses on improvisation, jazz theory, active listening learning sessions, and composition. Members of the JAI All-Star Youth Ensemble have the opportunities to showcase their skills regularly by performing at various community events and venues. These young musicians help to fulfill JAI's mission of developing jazz audience by serving as student ambassadors of jazz in our local community.

## **JAZZ ARTS INITIATIVE**

### **Notes to Financial Statements Year Ended June 30, 2016**

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The JazzArts Music Camp is an exciting one-week comprehensive music training program for students, grades 7-12, devoted to America's original art form: JAZZ. Students will be immersed in an intensive jazz curriculum and have the opportunity to interact and play with other motivated young musicians from the Charlotte area. This jazz camp offers instruction from the nations' leading professional jazz educators and internationally recognized performers.

Professional teaching artists from JAI perform an interactive educational program in schools. The assembly programs are age-appropriate for all school audiences. These presentations include audience participation and a question and answer session for students and teachers.

#### **Musician Support**

JAI has developed a program of activities to support the professional musician. Educational programs are devoted to Musician Career Development, Health Care Resources, a Musicians Connect Online Network, and an ongoing program of partnerships and research activities devoted to the development of the jazz audience.

#### **Support Functions**

##### **General and Administrative**

Expenses that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenses for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

##### **Fundraising**

Expenses that are incurred in inducing others to contribution money, securities, time, and materials for facilities for which the contributor will receive no direct benefit.

##### **Allocation of Joint Costs**

Payroll and other administrative cost benefits more than one purpose and was allocated to programs based on an estimate of time dedication to those programs

## JAZZ ARTS INITIATIVE

### Notes to Financial Statements Year Ended June 30, 2016

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#### Note 6 - Risk Management

JAI is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. JAI manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors and omissions, health and life	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant losses to JAI. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

#### Note 7 - Restrictions on Net Assets

Net assets were released from donor restrictions during the fiscal year ended June 30, 2016 by incurring expenses satisfying the restricted purposes as follows:

Performances - Jazz Room Season 5	<u><u>\$ 6,000</u></u>
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#### Note 8 - Income Taxes

JAI is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on any unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority.

## **JAZZ ARTS INITIATIVE**

### **Notes to Financial Statements Year Ended June 30, 2016**

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JAI does not believe there are any unrecognized tax benefits or costs as of June 30, 2016. Income tax returns from 2012 through 2015 are open for examination by the tax authorities.

#### **Note 8 - Subsequent Events**

Events that occur after the date of the Statement of Financial Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Financial Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Financial Position require disclosure in the accompanying notes. Management evaluated the activity of the Organization through March 27, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

## **Supplemental Information**

# JAZZ ARTS INITIATIVE

## Individual Supporters Year Ended June 30, 2016

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### **Benefactors (greater than \$5,000)**

*Oscar & Heide Groomes*

### **Maestros (\$2,499 - \$4,999)**

*Ronald Baldwin*

*Rebecca Brown*

### **Arrangers (\$1,000 - \$2,499)**

*Ronnie Bryant*

*Stefan Engel*

*Tripp and Caroline Guin*

*Doug and Diane Hartjes*

*Ken and Nikki Leahy*

*Albert R. Jones*

*Linda May*

*Eva Nove*

*Dr. Robert Petty*

*Thomas Nyberg Family Foundation*

### **Composers (\$500 - \$999)**

*Todd & Robyn Albaum*

*Mark and Lisa Bambach*

*Joseph Butler*

*Manuel Campbell*

*Felix & Cheryl Curtis*

*Amy Elam*

*Stephan Fadero*

*David Goodstein and Linda Orr*

*Scott Syfert*

*Bahiyyah Walker*

*Thomas Walker*

*Barbara Williams*

*Pete and Mary Kelly Family Foundation*

### **Sololists (\$250 - \$499)**

*Miriam Dixon*

*Charles Elberson*

*Bill Evans*

*Laura Finerty*

*Richard Lancaster*

*Carol McPhee*

*Anil Patel*

*Lou Ramos*

*Samuel Santander*

*Rob West*

### **Aficionados (\$50 - \$249)**

*Allyson Bouldon*

*Eric Dickerson*

*Larry and Rosanne Dukes*

*Kiala Felder*

*Brian and Jimeese Hardy*

*Jake and Beth Hoffberg*

*Jane Hunter*

*Yolanda Johnson*

*Mark & Jean Miller*

*William & Karen Nenon*

*Cyrus Pace*

*Kathryn Sain*

*Anne Sheffield*

*Allen Wolfe*



*JAI Students' New Orleans Experience*

Jazz Arts Initiative  
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Charlotte, NC 28202  
704.334.3900

*[www.thejazzarts.org](http://www.thejazzarts.org)*