



Jazz Arts Initiative 2017 Annual Report



Jazz Arts Initiative Board of Directors



“Connecting the cultural community and developing an audience for jazz through quality education, performance and musician support.”



JAZZ ROOM PERFORMANCES

JAZZ ARTS INITIATIVE

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, 2017)

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

Administrative Officers

Lonnie Davis, President/CEO, Co-founder
Ocie Davis, Artistic Director, Co-founder
Ron Baldwin, CFO/COO



JAZZ ARTS INITIATIVE

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Spring Gala



Dear JAI Community,

Thank you for making 2017 a truly remarkable year for Jazz Arts Initiative. You helped to 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 76 percent from \$295,000 in fiscal year 2016 to a total of \$519,000 in fiscal year 2017.

A few program highlights from the year include:

- The Jazz Room concert series at the Blumenthal Stage Door Theater has continued to exceeded 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 expanded the Jazz Room concert series to include two concert shows on both Friday and Saturday.
- We were awarded a \$60,000 grant from the Knight Foundation to help expand the Jazz Room concert series and to implement a customer relationship management (CRM) system to help us manage our interaction with existing and potential patrons.
- We were awarded grants totaling \$70,000 from the Reemprise Fund. Phase I of the grant was used to increase visibility and interest among the broader Charlotte community and to generate unrestricted revenue through a sustainable fundraising model to support JAI with special attention to the Jazz Academy Youth Programs. Phase II is ongoing and will involve (1) creating a marketing communications plan, (2) development a Charlotte Jazz Guild, (3) creating strategic Jazz outreach partnership programming.
- We were awarded a \$30,000 grant from the Arts and Science Council (ASC) to help support general operations. This was JAI's first operating support grant from the ASC.
- We hosted our first ever Gala, Lushlife 2017, and it was a very successful event.
- In addition to the new partnership above, we continued successful partnerships with the Blumenthal Performing Arts, O's Place, UNC Charlotte and the Ella Fitzgerald Foundation; receiving general grants and support Youth Ensemble and 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 100 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 time, contributions, and support.

Sincerely,

Lonnie Davis
President and CEO



Jazz Arts Initiative Youth Ensemble Group 3



Spring 2017 Youth Ensemble

C. DEWITT FOARD & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
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CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066

PHILLIP G. WILSON
TERRY W. LANCASTER

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 (the "JAI" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses 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, 2017 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 Foard & Company, P.A.
September 28, 2018

JAZZ ARTS INITIATIVE
Statement of Financial Position
June 30, 2017

ASSETS

Current assets

Cash	\$	33,620
Accounts receivable		1,841
Contributions receivable - current		8,699
Prepaid expenses		<u>3,650</u>

Total current assets	47,810
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Contributions receivable - noncurrent	<u>1,000</u>
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TOTAL ASSETS	\$	<u>48,810</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	11,515
Accrued payroll and related liabilities		15,395
Deferred revenue		<u>15,186</u>

Total current liabilities	42,096
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Net assets

Temporarily restricted	74,452
Unrestricted	<u>(67,738)</u>

Total net assets	<u>6,714</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u>48,810</u>
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JAZZ ARTS INITIATIVE
Statement of Activities
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support			
Ticket sales and subscription revenue, net	\$ 113,852	\$ -	\$ 113,852
Grant revenue	100,127	74,452	174,579
Donations	90,690	-	90,690
Tuition	23,122	-	23,122
Sponsorships	5,250	-	5,250
Performance fees	47,980	-	47,980
Fundraising	63,300	-	63,300
Other	552	-	552
	<u>444,873</u>	<u>74,452</u>	<u>519,325</u>
Total revenue and support	444,873	74,452	519,325
Satisfaction of Program Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
	<u>444,873</u>	<u>74,452</u>	<u>519,325</u>
Expenditures:			
Programs			
Performances	148,823	-	148,823
Jazz Academy	86,105	-	86,105
Musician Support	43,119	-	43,119
Support			
General and administrative	144,667	-	144,667
Fundraising	61,063	-	61,063
	<u>483,777</u>	<u>-</u>	<u>483,777</u>
Total Expenditures	483,777	-	483,777
Change in net assets	(38,904)	74,452	35,548
Deficiency in net assets, beginning of year	<u>(28,834)</u>	<u>-</u>	<u>(28,834)</u>
Net assets (deficiency in net assets), end of year	<u>\$ (67,738)</u>	<u>\$ 74,452</u>	<u>\$ 6,714</u>

JAZZ ARTS INITIATIVE

Statement of Functional Expenses Year Ended June 30, 2017

	Program Services				Supporting Services		
	Performances	Jazz Acedemy	Musician Support	Total	General and Administrative	Fundraising and Development	Total
Personnel	\$ 14,369	\$ 11,476	\$ 1,330	\$ 27,175	\$ 71,119	\$ -	\$ 71,119
Contracted services	89,999	42,116	39,023	171,138	47,736	18,890	66,626
Facilities and equipment	2,146	8,780	1,375	12,301	5,555	1,897	7,452
Dues and subscriptions	-	-	-	-	945	-	945
Postage and mailing service	380	398	35	813	401	481	882
Printing and copying	4,598	1,325	72	5,995	1,409	1,840	3,249
Supplies	689	711	40	1,440	1,594	85	1,679
Telephone and communications	439	351	41	831	797	-	797
Insurance	-	-	-	-	1,211	-	1,211
Marketing	12,156	1,461	-	13,617	845	2,042	2,887
Graphic design	3,522	725	-	4,247	1,011	3,630	4,641
Bank charges and credit card fees	1,524	676	-	2,200	1,012	777	1,789
Food and beverage	4,015	1,610	36	5,661	1,451	27,614	29,065
Website maintenance and management	1,731	1,108	-	2,839	3,146	-	3,146
Conference and travel	12,190	14,403	442	27,035	2,237	1,675	3,912
Bad debts	-	-	-	-	1,850	-	1,850
Other operating expenses	1,065	965	725	2,755	2,348	2,132	4,480
	<u>\$ 148,823</u>	<u>\$ 86,105</u>	<u>\$ 43,119</u>	<u>\$ 278,047</u>	<u>\$ 144,667</u>	<u>\$ 61,063</u>	<u>\$ 205,730</u>

JAZZ ARTS INITIATIVE
Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities

Cash received from customers/receivables	\$ 293,234
Cash received from Foundations, etc.	174,579
Board member contributions received	<u>10,300</u>
	478,113
Less cash paid to:	
Contractors	(237,764)
Other vendors	(144,826)
Employees	<u>(56,641)</u>
Net cash provided by operating activities	38,882

Cash flows used in financing activities

Repayment of note payable	<u>(5,855)</u>
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Net increase in cash 33,027

Cash, beginning of year 593

Cash, end of year \$ 33,620

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

Change in net assets	\$ 35,548
Net changes in current assets and liabilities and provided (used) cash	
Receivables	(163)
Prepaid expenses	(3,650)
Accounts payables	4,805
Accrued payroll and related liabilities	(2,929)
Deferred revenue	5,521
Accrued expenses	<u>(250)</u>
Total adjustments	<u>3,334</u>

Net cash provided by operating activities \$ 38,882

JAZZ ARTS INITIATIVE

Notes to Financial Statements Year Ended June 30, 2017

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. Temporarily restricted net assets at June 30, 2017 represent unexpended grant funds and exceed total cash. However, JAI is not in violation of any grant agreement as long as the intended purpose of the grants are completed within the time period of each grant.

JAI did not have any permanently restricted net assets at June 30, 2017.

Basis of Accounting

The accompanying financial statements were prepared using the full accrual basis of accounting whereby expenses are recorded when

JAZZ ARTS INITIATIVE

Notes to Financial Statements **Year Ended June 30, 2017**

incurred, donations and support are recorded when the notice is received, and grant revenues are recorded when earned.

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, 2017, 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. At June 30, 2017, the estimated allowance for uncollectible contributions receivable is \$1,500.

JAZZ ARTS INITIATIVE

Notes to Financial Statements Year Ended June 30, 2017

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.

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 and full-time salary of the current Chief Financial Officer, both of which are recorded as donation revenue and rent expense. The total value recorded for contributed office space and full-time salary during the year ended June 30, 2017 was \$2,160 and \$45,000, respectively.

Note 2 - Contributions Receivable

Contributions receivable at June 30, 2017 are due as follows:

Currently due	\$ 8,699
1 year to two years	<u>1,000</u>
	<u><u>\$ 9,699</u></u>

Note 3 - Revenues by Program

For the year ended June 30, 2017, JAI's revenue by program is as follows:

JAZZ ARTS INITIATIVE

Notes to Financial Statements Year Ended June 30, 2017

Programs	
Performances	\$ 150,074
Jazz Academy	60,761
Musician Support	41,185
Support	
General and administrative	129,553
Fundraising	<u>63,300</u>
	<u>\$ 444,873</u>

Note 4 - 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, regional, and local area musicians who recreate the music of the great jazz masters.

Jazz Academy

The JAI All-Star Youth Jazz Ensemble represents two 12-week music training programs 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.

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

JAZZ ARTS INITIATIVE

Notes to Financial Statements **Year Ended June 30, 2017**

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, 2017

Note 5 - 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:

Type of Loss	Method Managed	Risk of Loss Retained
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 6 - Restrictions on Net Assets

Net assets were released from donor restrictions during the fiscal year ended June 30, 2017 by incurring expenses satisfying the restricted purposes as follows:

Restricted Net Assets

Knight Foundation - Jazz Room Season 9	\$ 11,352
Reemprise Fund - Capacity building, marketing and sustainable music education project	62,600
Jazz in Schools	500
	<hr/>
	\$ 74,452

Note 7 - 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.

JAZZ ARTS INITIATIVE

Notes to Financial Statements **Year Ended June 30, 2017**

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.

JAI does not believe there are any unrecognized tax benefits or costs as of June 30, 2017. Income tax returns from 2013 through 2016 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 September 28, 2018 (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.

JAZZ ARTS INITIATIVE

Individual Supporters Year Ended June 30, 2017

Benefactors (\$5,000 - \$9,999)

Oscar & Heide Groomes
Ken & Nikki Leahy
The Scott & Tracey Tozier Fund

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

Ronald A. Baldwin
Rebecca Calderon
Dr. Robert Petty & Carol A.
Hitselberger
Thomas Nyberg Family
Foundation

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

Todd & Robyn Albaum
Ronnie Bryant
Stefan Engel
GCG Wealth Management, Inc.
M. Berry Grant Jr.
Tripp & Caroline Guin
Doug & Diane Hartjes
Linda May
Eva Nove
Kurt Waldthausen & Patricia
Sciarra

Composers (\$500 - \$999)

Verna Bash-Flowers
William & Jan Cook
Madhu Engineer
Kit Foreman
Michael & Angela Friedland
Mark J. Hill
Christopher & Renee Jackson
Carolynn & Frederick Kellisch
Pete & Mary Kelly Family Fund
Beverly Lassiter
Little Family Foundation
Daniel Campo & Laura Lupton
James McCormack
Thom & Fran McKinney
Alex Myrick
Linda Orr
Herb & Rosalia Peck
George & Margaret Povinelli
Melissa & Stephen Ratliff
Richard & Theresa Reed
Stefanie Staton

Sololists (\$250 - \$499)

Mark Abrams & Iris Prandi
Claire & Tom Blocker
Paul & Colleen Brooks
Vivian Campbell
Rich & Kelly Davies
Eric Dickerson
Miriam Dixon
Drew & Leslie Ladau
Richard A. Lancaster
Peter R. Phillip
Janet Vazquez

Aficionados (\$50 - \$249)

Anonymous
Luther & Carolyn Allison
Kristen Anderson
Charles Ashford
John Baxter
Seamus Browne
Susan Carr
Richard Chase
Wilton & Catherine Conner
Bill Evans
Jeff Favitta
Kiala Felder
David Goodstein
Michael Grom
Michael Hackett & Heidi
Frankson
Tamara Harrison
John Hasse & Sonya Melescu
Karen Hatcher
Joshua & Angel Hendricks
Barbara Holt
Edward Johnson
Mark & Virginia Konopka
Beth Leonard
Robert & Sandra Lewis
Frank Lorch
Polihronis Loulakis
John & Ariel Marshall
Natalie Napierala
Don Niehus
Cyrus Pace
Frank Parker & Barbara
Edwards
Kevin & Charlene Patterson
Colin Petersen
Bob & Cindy Ryan
Mark Sanders
Robert & Patricia Sellers
Ben & Jade Simon
Jodi Sosna & Ann Welchans

Henry Stallings
Kurtis & Shelley Thompkins
Richard Thurmond
Ramon Torres
Richard & Ashley Thurmond
John Tosco
Michelle Walsh
Jodi Sosna & Ann Welchans
Justin & Diane Wilkes
Thomasine Williams
Edith Sholin Wilson
Rita & Philip Witt
Allen & Clara Wolfe



JAI Students' New Orleans Experience



Jazz Arts Initiative All-Star Ensemble



Jazz Arts Initiative Youth Ensemble Group 2

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www.thejazzarts.org