

# JAZZARTS CHARLOTTE

## Financial Statements and Independent Auditor's Report

YeAR ended  
June 30, 2025

THE JAZZ ROOM



JazzArts Charlotte®

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
JazzArts Charlotte  
Charlotte, North Carolina

### Opinion

We have audited the accompanying financial statements of JazzArts Charlotte (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JazzArts Charlotte as of June 30, 2025, 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.

### Basis of 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 JazzArts Charlotte 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 JazzArts Charlotte'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 auditors' 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.

JazzArts Charlotte  
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of JazzArts Charlotte'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 JazzArts Charlotte'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.

*Foard & Company, P.A.*

November 25, 2025

**JazzArts Charlotte®**  
**Statement of Financial Position**  
**June 30, 2025**

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**ASSETS**

Current Assets:

Cash	\$	258,863
Receivables		6,245
Prepaid expenses		18,718
Inventory		1,036
Other current assets		44
Total Current Assets		<u>284,906</u>

Non-Current Assets:

Leased asset, net of accumulated amortization of \$10,534		<u>16,947</u>
Total Non-Current Assets		<u>16,947</u>

**TOTAL ASSETS**

**\$ 301,853**

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable and accrued expenses	\$	34,861
Accrued payroll and related liabilities		38,426
Deferred revenue		29,701
Lease obligation, current maturities		<u>5,290</u>
Total Current Liabilities		<u>108,278</u>

Non-Current Liabilities:

Lease obligation		<u>13,445</u>
Total Non-Current Liabilities		<u>13,445</u>
Total Liabilities		<u>121,723</u>

Net Assets:

With donor restrictions		7,170
Without donor restrictions		<u>172,960</u>
Total Net Assets		<u>180,130</u>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 301,853**

**JazzArts Charlotte®**  
**Statement of Activities**  
**Year Ended June 30, 2025**

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and Support:</b>			
Contributed Revenue:			
Individual contributions and sponsorships	\$ 263,595	\$ 6,000	\$ 269,595
Corporate contributions and sponsorships	64,645	-	64,645
Grant revenue	246,742	-	246,742
Gifts in-kind	61,405	-	61,405
	<u>636,387</u>	<u>6,000</u>	<u>642,387</u>
Total Contributed Revenue	<u>636,387</u>	<u>6,000</u>	<u>642,387</u>
Fundraising	20,513	-	20,513
Ticket sales and subscription revenue	284,374	-	284,374
Performance fees	24,285	-	24,285
Tuition, net of \$9,563 financial assistance	69,579	-	69,579
Other	34,884	-	34,884
Net assets released from restrictions:			
Satisfaction of program restrictions	188,491	(188,491)	-
	<u>1,258,513</u>	<u>(182,491)</u>	<u>1,076,022</u>
<b>Expenses:</b>			
Program Services:			
Performances	469,071	-	469,071
JazzArts Academy	222,707	-	222,707
Musician Support	10,970	-	10,970
Supporting Services:			
General and administrative	426,008	-	426,008
Development	138,395	-	138,395
	<u>1,267,151</u>	<u>-</u>	<u>1,267,151</u>
<b>Total Expenses</b>	<u>1,267,151</u>	<u>-</u>	<u>1,267,151</u>
<b>Operating Loss</b>	(8,638)	(182,491)	(191,129)
<b>Net Assets, beginning of year</b>	<u>181,598</u>	<u>189,661</u>	<u>371,259</u>
<b>Net Assets, end of year</b>	<u>\$ 172,960</u>	<u>\$ 7,170</u>	<u>\$ 180,130</u>

**JazzArts Charlotte®**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Program Services				Supporting Services			Grand Total
	Performances	JazzArts Academy	Musician Support	Total	General and Administrative	Development	Total	
Payroll	\$ 54,000	\$ 83,323	\$ -	\$ 137,323	\$ 156,022	\$ 68,927	\$ 224,949	\$ 362,272
Payroll taxes	-	5,373	-	5,373	20,981	3,789	24,770	30,143
Employee benefits	-	4,795	-	4,795	15,680	2,942	18,622	23,417
Contracted services	147,953	75,466	10,624	234,043	106,615	20,034	126,649	360,692
Production costs	49,536	5,148	-	54,684	-	-	-	54,684
Facilities and equipment rental	39,182	160	-	39,342	4,114	-	4,114	43,456
Parking and transportation	3,512	15,346	135	18,993	916	204	1,120	20,113
Dues and subscriptions	-	125	-	125	2,469	624	3,093	3,218
Postage and mailing service	556	1,159	-	1,715	494	2,996	3,490	5,205
Printing and copying	8,674	4,004	-	12,678	2,631	9,171	11,802	24,480
Small equipment and supplies	1,834	6,144	-	7,978	6,480	5,584	12,064	20,042
Telephone and internet	-	-	-	-	809	240	1,049	1,049
Insurance	-	-	-	-	9,404	-	9,404	9,404
Marketing	51,351	4,350	-	55,701	36,571	253	36,824	92,525
Graphic design	12,224	-	-	12,224	3,100	2,200	5,300	17,524
Bank charges and credit card fees	6,705	3,002	-	9,707	5,163	1,744	6,907	16,614
Food and beverage	13,066	3,114	60	16,240	7,323	1,173	8,496	24,736
Information technology	24	-	-	24	23,435	6,034	29,469	29,493
Training and seminars	-	650	-	650	81	2,488	2,569	3,219
Travel	75,478	8,166	-	83,644	9,786	4,694	14,480	98,124
Business development	-	-	-	-	-	3,843	3,843	3,843
Other operating expenses	4,976	2,382	151	7,509	8,438	1,455	9,893	17,402
Lease amortization expense	-	-	-	-	5,496	-	5,496	5,496
	<u>\$ 469,071</u>	<u>\$ 222,707</u>	<u>\$ 10,970</u>	<u>\$ 702,748</u>	<u>\$ 426,008</u>	<u>\$ 138,395</u>	<u>\$ 564,403</u>	<u>\$ 1,267,151</u>

**JazzArts Charlotte®**  
**Statement of Cash Flows**  
**Year Ended June 30, 2025**

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**Cash flows from operating activities:**

Cash received from customers/receivables	\$ 747,491
Cash received from foundations	269,710
Cash received from government agencies	15,000
Board member contributions received	<u>22,150</u>
	1,054,351

Less cash paid to:

Contractors	(360,692)
Other vendors	(463,123)
Employees	<u>(349,543)</u>

Net cash used in operating activities (119,007)

**Cash used in financing activities**

Payments under lease obligation	<u>(4,657)</u>
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**Net decrease in cash** (123,664)

**Cash, beginning of year** 382,527

**Cash, end of year** \$ 258,863

**Reconciliation of net change in net assets to net cash used in operating activities**

Net operating loss	\$ (8,638)
Amortization expense	5,496
Net changes in current assets and liabilities and provided (used) cash:	
Receivables	36,558
Prepaid expenses	4,895
Other current assets	(1,036)
Accounts payables and accrued expenses	4,449
Accrued payroll and related liabilities	18,584
Deferred revenue	3,176
Donor restricted net assets	<u>(182,491)</u>

Total adjustments (110,369)

**Net cash used in operating activities** \$ (119,007)

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

### **Organization and Purpose**

JazzArts Charlotte® (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. The Organization 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.

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

### **Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and are currently available for use in the day-to-day operations of the Organization. From time to time, the board of directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. There were no board-designated net assets as of June 30, 2025.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Organization or by the passage of time.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When support received with restrictions expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period

in which they are received as reported as net assets without donor restrictions. Other revenue such as ticket sales and subscriptions, performance fees, and tuition are recognized as revenue once the performance obligation has occurred. Any funds held by the Organization which the performance obligation has not yet occurred are presented as deferred revenue on the accompanying statement of financial position.

### **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.

### **Receivables**

Receivables are primarily unsecured amounts consisting of sales tax refunds and amounts due from individuals. The Organization maintains an allowance for doubtful accounts receivable. The allowance for doubtful accounts is reported as a reduction of accounts receivable on the statement of financial position. Receivables as of June 30, 2025, are all current and no allowance for doubtful accounts were deemed necessary.

### **Property and Equipment**

The Organization has a policy to capitalize purchases of property and equipment items with an individual cost of \$1,000 or more and an estimated useful life greater than two years, unless the purchase was made with grant funds. At June 30, 2025, the Organization held no property and equipment.

### **Deferred Revenue**

Deferred revenue primarily represents unearned subscription revenue to the JAZZ ROOM concert series which is a six-month period. Income is recognized ratably over the subscription period.

### **Gifts In-kind**

The Organization receives in-kind donations in the form of a full-time salary of the current Chief Financial Officer and donated consulting services for training of the Board of Directors, both of which are recorded as contribution revenue. The value of the donated CFO and contract services was based on the rates that would have been charged for the services received. The total value recorded for gifts in-kind are as follows:

**JazzArts Charlotte®**  
**Notes to Financial Statements**  
**June 30, 2025**

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Chief Financial Officer donated time	\$ 54,155
Outside Contract for Board Training	<u>7,250</u>
	<u>\$ 61,405</u>

**Note 2 - Operating Lease**

The Organization leases its copier under an agreement accounted for as an operating lease. The monthly lease payments are fixed at \$502, including sales taxes, for the next 12 months, then an annual increase, not to exceed five percent. The Organization used a risk-free rate to discount future lease payments. The weighted average discount rate to calculate the operating lease liability was 4.50% as of June 30, 2025. The remaining lease term was approximately 3.08 years.

The future minimum lease payments, including the renewal period, is as follows:

Year ended June 30:	
2026	\$ 5,290
2027	6,025
2028	6,833
2029	<u>587</u>
	<u>\$ 18,735</u>

**Note 3 - 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. The following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

**Program Services**

**Performances**

Each month, The JAZZ ROOM concert series, generally at the Stage Door Theater, welcomes one of the most diverse audiences in the Queen City, presenting live jazz performances by the finest local, regional, and nationally

renowned artists. From re-imagined early jazz tributes and classic swing to modern and contemporary soulful sounds, these creatively curated programs include something for every musical palate.

### **JazzArts Academy**

The JazzArts All-Star Youth Ensemble + Workshops represent 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 group curriculum focuses on improvisation, jazz theory, active listening learning sessions, and composition. Members of the JazzArts All-Star Youth Ensemble have the opportunity to showcase their skills regularly by performing at various community events and venues. These young musicians help to fulfill the Organization's mission of developing jazz audiences by serving as student ambassadors of jazz in our local community.

The JazzArts Nuestro Tiempo Latin Jazz Youth Ensemble is led by renowned Latin Jazz educators. Students perform repertoires in a Latin Jazz orchestra and learn fundamentals, including clave rhythms, improvisational theory, Latin Jazz history and stage presence. This is a unique opportunity for student musicians grades 7-12 to study an exciting facet of jazz that combines the chords and improvisational techniques of traditional jazz with Latin instruments and rhythms. This program is free to participants and enter the program.

The JazzArts Summer 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 the Organization 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**

The Organization has developed a program of activities to support professional musicians. 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 fundraising activity but are indispensable to the conduct of those activities and to the Organization’s existence, including expenses for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

**Development**

Expenses that are incurred in inducing others to contribute 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 were allocated to programs based on an estimate of time dedicated to those programs.

**Note 4 - Restrictions on Net Assets**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time. Net assets released from restrictions during the year ended June 30, 2025, and restricted net assets as of June 30, 2025, are as follows:

<b>Released from Restrictions</b>	
South Arts - operating support	\$ 100,008
Knight Foundation - operating support and technology	37,515
Women's Impact Fund - operating support	21,000
JazzArts Academy - scholarships and operating support	24,968
Individual - operating support	<u>5,000</u>
	<u>\$ 188,491</u>
 <b>Donor Restricted Net Assets</b>	
JazzArts Academy - scholarships	<u>\$ 7,170</u>

### **Note 5 - Income Taxes**

The Organization 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.

The Organization claimed the Employee Retention Tax Credit for the quarters ended March 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. The Organization filed for and received \$83,502 relating to the amended returns during the year ended June 30, 2023. The claims are subject to review and examination by the Internal Revenue Service for three years from the date of the claim.

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.

The Organization does not believe there are any unrecognized tax benefits or costs as of June 30, 2025. Income tax returns from 2021 through 2024 are open for examination by the tax authorities.

### **Note 6 - Liquidity**

The Organization has \$265,108 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure consisting of cash of \$258,863 and receivables of \$6,245, which are expected to be collected during the year ended June 30, 2026. Financial assets amounting to \$7,170 are subjected to donor restrictions (refer to Note 4) that make them unavailable for general expenditures within one year of the date of the statement of financial position. The Organization has a goal to maintain financial assets which consist of cash on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$597,000. The Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

### **Note 7 - Concentrations**

All funds of the Organization 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 the Organization to a concentration of

credit risk. At June 30, 2025, the Organization does not have any bank deposits not insured by the FDIC.

**Note 8 - Subsequent Events**

The Organization has evaluated subsequent events through the date of the independent auditor's report, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued and determined that there were no items that were necessary for disclosure in the financial statements.