

**NASHVILLE REPERTORY THEATRE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

(With Independent Auditor's Report Thereon)

**NASHVILLE REPERTORY THEATRE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nashville Repertory Theatre, Inc.

We have audited the accompanying financial statements of Nashville Repertory Theatre, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Nashville Repertory Theatre, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Patterson Hardee & Ballentine*

January 8, 2020

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 26,592	\$ 452,119
Accounts receivable	77,069	71,046
Grants receivable	18,000	17,650
Prepaid expenses	15,128	6,928
Total current assets	<u>136,789</u>	<u>547,743</u>
Property and equipment, net	<u>38,410</u>	<u>36,044</u>
Assets whose use is limited:		
Cash	-	35,000
Restricted receivables	1,390,181	10,000
Total assets whose use is limited	<u>1,390,181</u>	<u>45,000</u>
Total assets	<u>\$ 1,565,380</u>	<u>\$ 628,787</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 106,348	\$ 50,068
Deferred ticket sales	75,288	63,301
Deferred revenue	25,000	-
Line of credit	158,472	300,000
Total current liabilities	<u>365,108</u>	<u>413,369</u>
Net Assets:		
Without donor restrictions	(189,909)	170,418
With donor restrictions	1,390,181	45,000
Total net assets	<u>1,200,272</u>	<u>215,418</u>
Total liabilities and net assets	<u>\$ 1,565,380</u>	<u>\$ 628,787</u>

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Gross special event revenue	\$ 146,731	\$ -	\$ 146,731	\$ 115,089	\$ -	\$ 115,089
Less direct cost of special events	(27,029)	-	(27,029)	(27,529)	-	(27,529)
Net special events revenue	119,702	-	119,702	87,560	-	87,560
Public support						
Ticket sales	415,402	-	415,402	364,701	-	364,701
Contributions	573,633	1,390,181	1,963,814	1,146,697	45,000	1,191,697
Grants	168,500	-	168,500	164,250	-	164,250
Rental and sales income	22,833	-	22,833	29,158	-	29,158
In-kind donations	134,323	-	134,323	5,088	-	5,088
Other income	2,480	-	2,480	990	-	990
Net assets released from restrictions	45,000	(45,000)	-	71,666	(71,666)	-
Total public support	1,362,171	1,345,181	2,707,352	1,782,550	(26,666)	1,755,884
Total support and revenues	1,481,873	1,345,181	2,827,054	1,870,110	(26,666)	1,843,444
Expenses:						
Program services:						
Main stage productions	1,003,868	-	1,003,868	1,078,826	-	1,078,826
New stages	156,099	-	156,099	89,130	-	89,130
Professional training and education	28,019	-	28,019	37,641	-	37,641
Total program services	1,187,986	-	1,187,986	1,205,597	-	1,205,597
Supporting services:						
Management and general	552,234	-	552,234	380,850	-	380,850
Fundraising	101,980	-	101,980	84,207	-	84,207
Total supporting services	654,214	-	654,214	465,057	-	465,057
Total functional expenses	1,842,200	-	1,842,200	1,670,654	-	1,670,654
Increase (decrease) in net assets	(360,327)	1,345,181	984,854	199,456	(26,666)	172,790
Net assets (deficit) - beginning of year,	170,418	45,000	215,418	(29,038)	71,666	42,628
Net assets (deficit) - end of year	\$ (189,909)	\$ 1,390,181	\$ 1,200,272	\$ 170,418	\$ 45,000	\$ 215,418

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	Program Services					
	Main stage productions			New stages		Professional training and education
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages	\$ 341,589	\$ 492,296	\$ 61,537	\$ 28,889	\$ 22,383	\$ 29,950
Payroll taxes	32,332	39,809	5,825	2,731	2,119	2,498
Fringe benefits	13,292	37,150	2,395	-	871	-
Total payroll costs	387,213	569,255	69,757	31,620	25,373	32,448
Bad debt expense	-	-	-	-	-	-
Bank fees	-	-	-	-	-	-
Communications	966	836	-	-	-	-
Conferences	3,606	2,492	18,869	22,212	352	773
Contract services	47,195	42,185	100	1,550	-	-
Depreciation	25,232	19,419	-	-	-	-
Dues and subscriptions	240	325	-	-	-	-
Equipment rental	-	-	-	-	-	-
In-kind expense	130,323	5,088	-	-	-	-
Insurance	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Marketing	105,909	90,855	1,985	2,595	-	-
Meals and entertainment	463	949	19,309	10,521	-	224
Miscellaneous	894	1,739	-	55	-	-
Office supplies	10	130	52	89	-	48
Postage and shipping	2,277	562	-	-	-	-
Printing	-	40	-	8	-	-
Production expenses	284,501	317,223	45,964	20,480	-	3,257
Professional services	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Special events	-	-	-	-	-	-
Supplies	14,646	8,099	63	-	2,294	891
Technology	393	19,629	-	-	-	-
Total expenses by function	1,003,868	1,078,826	156,099	89,130	28,019	37,641
Less expense included with revenues on the statement of activities:						
Direct cost of special events	-	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	\$ 1,003,868	\$ 1,078,826	\$ 156,099	\$ 89,130	\$ 28,019	\$ 37,641

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Program Services		Supporting Services			
		Management and general		Fundraising	
Total program services		Total		Total	
2019	2018	2019	2018	2019	2018
\$ 425,509	\$ 551,135	\$ 247,957	\$ 122,942	\$ 81,365	\$ 64,330
40,276	45,038	23,537	21,383	7,701	5,248
16,558	37,150	9,677	822	3,166	4,966
482,343	633,323	281,171	145,147	92,232	74,544
-	-	11,157	4,528	1,000	-
-	-	6,380	17,525	-	-
966	836	8,099	9,846	966	912
22,827	25,477	786	1,955	-	-
47,295	43,735	325	4,114	-	-
25,232	19,419	-	4,515	-	-
240	325	7,901	4,962	-	-
-	-	4,918	4,258	-	-
130,323	5,088	-	-	-	-
-	-	23,739	21,811	-	-
-	-	14,701	14,768	-	-
107,894	93,450	2,250	-	19	-
19,772	11,694	3,944	3,876	1,248	-
894	1,794	3,181	2,688	2,802	2,465
62	267	3,068	1,223	56	208
2,277	562	767	842	2,124	722
-	48	3,663	3,266	1,523	5,287
330,465	340,960	34,440	1,541	-	-
-	-	34,000	34,500	-	-
-	-	101,776	96,937	-	-
-	-	-	-	27,029	27,529
17,003	8,990	165	3	10	69
393	19,629	5,803	2,545	-	-
1,187,986	1,205,597	552,234	380,850	129,009	111,736
-	-	-	-	(27,029)	(27,529)
\$ 1,187,986	\$ 1,205,597	\$ 552,234	\$ 380,850	\$ 101,980	\$ 84,207
				\$ 1,842,200	\$ 1,670,654
				(27,029)	(27,529)
				\$ 1,815,171	\$ 1,643,125
				1,869,229	1,698,183

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 984,854	\$ 172,790
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,232	23,934
Changes in:		
Accounts receivable	3,977	13,171
Grants receivable	(350)	52,011
Prepaid expenses	(8,200)	11,782
Assets whose use is limited	(1,355,181)	26,666
Accounts payable and accrued expenses	56,280	24,913
Deferred ticket sales	11,987	(11,403)
Deferred revenue	25,000	-
Total adjustments	(1,241,255)	141,074
Net cash provided by (used in) operating activities	(256,401)	313,864
Cash Flows from Investing Activities:		
Purchase of property and equipment	(23,598)	(24,672)
Net cash used in investing activities	(23,598)	(24,672)
Cash Flows from Financing Activities:		
Net change in line of credit	(141,528)	100,000
Contributions of furniture	(4,000)	-
Net cash provided by (used in) financing activities	(145,528)	100,000
Net increase (decrease) in cash	(425,527)	389,192
Cash - beginning of year	452,119	62,927
Cash - end of year	\$ 26,592	\$ 452,119

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Interest paid during the year ended June 30, 2019, was \$14,701.

Interest paid during the year ended June 30, 2018, was \$14,768.

See accompanying notes to the financial statements.



**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - Summary of Significant Accounting Policies**

**Nature of Activities**

The terms “we”, “us”, “our”, or “Organization” are used throughout these notes to the financial statements to identify the Nashville Repertory Theatre, Inc., a Tennessee not-for-profit organization. We were established in February 1985. We are the theatre in residence at the Tennessee Performing Arts Center ("TPAC") and are a Professional Actors' Equity Troupe in Middle Tennessee.

Our mission is to serve through creating "Ah-ha!" moments that inspire empathy, prod intellectual and emotional engagement, and expand the creative capacity of audience and artists through the dynamic connection unique to live theatre.

Our vision is to be a strong and vital professional regional theatre that is an indispensable part of our community's creative life, widely embraced and deeply valued as an essential source for illuminating artistic experiences and exciting entertainment, and recognized as a model of sustainability that is home for a thriving community of professional artists and whose name is synonymous with excellence in every aspect.

**Program and Supporting Services**

The following program and supporting services are included in the accompanying financial statements:

**Program Services**

Operating expenses include the following:

Main stage productions - includes expenses that are directly identifiable with a particular production.

New stages - includes expenses that are directly identifiable with the Ingram New Works program, which enables us to bring attention to the importance of new play development and establishes us as a leading advocate for new work. This program also includes the staged reading series "Replied".

Professional training and education - includes expenses that are directly identifiable with the professional and student internships program, workshops' program, and educational outreach activities.

**Supporting Services**

Management and general - relates to the overall direction of the organization. These costs are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include creation and distribution of fundraising materials.

**Basis of Presentation**

The accompanying financial statements present the financial position and changes in net assets on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

Accordingly, our 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 may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Contributions, Support and Revenue**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction 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.

We receive grant revenue from various state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grants received in advance of the expenditure are recorded initially as deferred revenue.

We report any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

We lease certain items in our production assets inventory and recognize income as items are leased.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2019 and 2018, we had no cash equivalents.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. All promises to give at June 30, 2019 and 2018, were expected to be received within one year.

An allowance for uncollectible contributions has not been provided based on our estimate that the balance is fully collectible.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**Accounts Receivable**

Ticket sales are processed by TPAC through the TPAC ticketing system. TPAC remits the ticket sales proceeds to us throughout the year. We also lease our performance props and costumes to other organizations, which is included in rental and sales income on the Statements of Activities.

Accounts receivable are reported at gross sales price less any applicable payments or adjustments. We do not charge interest on any past due accounts.

We use the allowance method in accordance with accounting principles generally accepted in the United States of America. In 2019, \$12,157 of receivables were deemed uncollectible and written off as bad debt expense. As of June 30, 2019 and 2018, an allowance of \$0 was assessed.

**Prepaid Expenses**

Prepaid expenses consist of certain marketing and promotional costs pertaining to the following theatre season that are paid for in advance and charged to operating expense in the following fiscal year.

**Property and Equipment**

Property and equipment are recorded at cost at the date of purchase or estimated fair value at the date of gift to us. Our policy is to capitalize purchases with a cost of \$500 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, ranging from three to seven years for computers, furniture and fixtures, and equipment.

**Donated Goods, Facilities, and Services**

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

**Donated Goods, Facilities, and Services**

Donated goods, which amounted to \$134,323 in 2019 and \$5,088 in 2018, respectively, are recorded at their estimated fair value at the date of donation, and have been included in the appropriate categories of revenue, expenses, and fixed assets.

**Accrued Vacation**

All full-time staff employees are eligible to accrue vacation time. For the employees who have been with us one to two years, one day per month can be accrued up to a maximum of twelve days. For the employees who have been with us for three to four years, fifteen days can be accrued in total. For the employees who have been with us for five or more years, twenty-one days are available to be accrued. These accrued days are accounted for at the average daily rate per employee, based on a 260-day work calendar.

**Advance Ticket Sales**

Ticket sales made prior to the fiscal year to which they apply are reported as advance ticket sales on the Statements of Financial Position. Such revenue is recognized and reported on the Statements of Activities in the year the productions are performed.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**Production Expenses**

Production assets, including props and costumes, are included on the Statement of Financial Position if we believe they can be repurposed for future productions. The net book value of these assets is included in property, plant, and equipment, net on the Statement of Financial Position. We may lease our old costumes and props to other organizations as well as use them for future performances. Revenue from rental activities is recognized in the period it is earned on the Statements of Activities. When we no longer have space to store them, the props or costumes are disposed of or sold in a yard sale. Revenue from such sales is recognized at that time on the Statements of Activities.

**Income Tax Status**

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying consolidated financial statements. We do not believe there are any uncertain tax positions.

**Fair Value of Financial Instruments**

The fair values of current assets and current liabilities approximate the carrying amounts due to the short maturities of these instruments and they are all Level 1 in the fair value hierarchy. The fair value of the line of credit approximates the carrying amount and is estimated based on the current rates offered to us.

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis on the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Remaining categories are allocated based on an invoice-by-invoice basis for the direct category affected.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

**Reclassifications**

Certain accounts in the June 30, 2018, financial statements have been reclassified for comparative purposes to conform to the presentation of the June 30, 2019, financial statements.

**New Accounting Pronouncement**

On August 8, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively and has not affected the beginning balance of net assets.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 - Availability and Liquidity**

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended

Cash	\$ 26,592
Accounts receivable	77,069
Grants receivable	18,000
	<hr/>
	\$ 121,661

In the next fiscal year, we plan to receive the same level of income from our donors and our program services, and consider this income for programs which are ongoing, major, and central to our annual operations to be available to meet cash needs for general expenditures. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. We also have an open line of credit to draw on for any immediate cash needs (NOTE 7).

All cash is considered readily available. We manage our liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures

**NOTE 3 - Accounts Receivable**

We were due the following amounts at June 30,

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 1,781	\$ 16,745
Advanced ticket sales receivable	75,288	63,301
Pledge receivable	-	1,000
	<hr/>	<hr/>
	77,069	81,046
Less: restricted receivables	-	(10,000)
Less: allowance for bad debts	-	-
	<hr/>	<hr/>
	\$ 77,069	\$ 71,046

**NOTE 4 - Pledge Receivables**

Due in less than one year	\$ 600,000
Due in one or more years	900,000
	<hr/>
	1,500,000
Less: discounts to net present value	(109,819)
Less: allowance for doubtful accounts	-
	<hr/>
Net pledge receivable	\$ 1,390,181

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 4 - Pledge Receivable (continued)**

Pledge receivable as shown on the Statement of Financial Position as follows at June 30,

	<u>2019</u>	<u>2018</u>
Restricted receivables	1,390,181	-

Gross pledge receivable due in one or more years of \$900,000 pledged in 2019 has been discounted for the time value of money using a discount rate of 6.80%. The rate was determined using the interest method. The net pledge at June 30, 2019 and 2018, was \$1,390,181 and \$0, respectively.

**NOTE 5 - Property and Equipment**

Property and equipment consisted of the following as of June 30,

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 62,812	\$ 56,410
Vehicles	6,000	3,430
Production assets and equipment	<u>107,737</u>	<u>89,111</u>
	176,549	148,951
Less: accumulated depreciation	<u>(138,139)</u>	<u>(112,907)</u>
	<u>\$ 38,410</u>	<u>\$ 36,044</u>

Depreciation expense for June 30, 2019 and 2018, totaled \$25,232 and \$23,934, respectively.

**NOTE 6 - Accounts Payable and Accrued Expenses**

Expenses were accrued for the following at June 30,

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 16,095	\$ 7,161
Credit card payable	36,343	9,742
Accrued payroll	<u>53,910</u>	<u>33,165</u>
	<u>\$ 106,348</u>	<u>\$ 50,068</u>

**NOTE 7 - Line of Credit**

We have a \$300,000 operating line of credit with a bank. The line is evidenced by a promissory note which bears interest, payable monthly, on the amount borrowed at a variable interest rate based on the bank's base commercial rate plus .75%. The interest rate at June 30, 2019 and 2018, was 6.80% and 6.50% respectively. The line of credit matures on December 15, 2019. As of June 30, 2019 and 2018, there was an outstanding balance of \$158,472 and \$300,000, respectively, on the line of credit.

**NOTE 8 - Letters of Credit**

We maintain two letters of credit with various groups named as the beneficiaries. These letters of credit are secured by our fixed assets. The two letters of credit are maintained at First Tennessee Bank.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 8 - Letters of Credit (continued)**

<u>Bank</u>	<u>Vendor</u>	<u>Maturity</u>	<u>Amount</u>
First Tennessee Bank	Actors' Equity Association	August 31, 2020	\$ 2,243
First Tennessee Bank	Tennessee Performing Arts Center	August 31, 2020	<u>7,628</u>
			<u>\$ 9,871</u>

**NOTE 9 – Net Assets**

Net assets with donor restrictions consisted of the following at June 30,

	<u>2019</u>	<u>2018</u>
Time restricted pledge	1,390,181	-
Future operations	<u>-</u>	<u>45,000</u>
	<u>1,390,181</u>	<u>45,000</u>

**NOTE 10 - Lease Agreements**

We lease our office under an operating lease requiring monthly rental payments through the end of this fiscal year. We also lease certain office equipment. Total rental expense on June 30, 2019 and 2018, under all agreements, totaled \$111,886 and \$107,195 respectively.

Future minimum lease payments are as follows:

Year Ending June 30,

2020	\$ 111,994
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**NOTE 11 - Concentrations and Contingencies**

We maintain cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporations ("FDIC") up to statutory limits. As of June 30, 2019 and 2018, all of our depositor accounts were fully insured.

As of the years ended June 30, 2019 and 2018, 98% and 70% of our total receivables were due from one donor and one grantor, and two donors and one grantor, respectively. If TPAC, who holds our advance ticket sales, or Metro Nashville Arts, who funds basic operating support grants for us, were unable to satisfy the outstanding receivables as of June 30, 2019, we would experience significant losses, however, management believes these entities will remain solvent for the foreseeable future.

For the years ended June 30, 2019 and 2018, combined contributions from one source and two sources were approximately 52% and 52%, respectively, of total contribution revenues.

**NOTE 12 - Retirement Plan**

We sponsor a tax-deferred annuity plan ("Plan") under Section 403(b) of the Internal Revenue Code. Full-time employees are eligible after one year of employment. Eligible employees may elect to defer a portion of their compensation through the Plan, not to exceed the allowable amount under Section 403(b). We may make an annual contribution to the Plan equivalent to 1% of the employee's annual salary; however, there were no such contributions to the Plan for the years ended June 30, 2019 and 2018.

**NASHVILLE REPERTORY THEATRE, INC.**  
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**NOTE 13 - Related Party Transactions**

During the years ended June 30, 2019 and 2018, we paid \$101,776 and \$96,937, respectively, in rent expense for office spaces leased from an Advisory Board member's employer.

During the years ended June 30, 2019 and 2018, we paid \$0 and \$10,162, respectively, in advertising expense from an Advisory Board member's employer. The Advisory Board member's employer was already a vendor with us before the Advisory Board member was appointed.

**NOTE 14 - Donor-Designated Endowment Funds Held in Trust**

Certain individuals have established a donor-designated endowment fund with the Community Foundation of Middle Tennessee for the benefit of the Nashville Repertory Theatre, Inc. The Community Foundation of Middle Tennessee has the ultimate authority and control over these Funds and, therefore, these investments are not included in our financial statements. Income distributed to us from these funds is recognized in the year received. Such distributions totaled approximately \$0 and \$0 during the years ended June 30, 2019 and 2018, respectively. Total assets held in this fund amount to approximately, \$21,948 and \$22,131 at June 30, 2019 and 2018 respectively.

In 2015, certain individuals also established a donor-designated endowment fund with the Middle Tennessee Repertory Theatre Support Fund for the benefit of the Nashville Repertory Theatre, Inc. The Middle Tennessee Repertory Theatre Support Fund has the ultimate authority and control over these Funds and, therefore, these investments are not included in our financial statements. Income distributed to us from these funds is recognized in the year received. Such distributions for June 30, 2019 and 2018, totaled approximately \$52,200 and \$52,900, respectively. Total assets held in this fund at June 30, 2019 and 2018, amount to approximately \$1,043,739 and \$1,054,481, respectively.

**NOTE 15 - New Pronouncements**

In June 2018, FASB issued Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958)*. The update will assist organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance. This update will also assist in determining whether a contribution is conditional. This update should be applied on a modified prospective basis for annual periods beginning after December 15, 2018. We are currently evaluating the impact of adopting this statement.

In May 2014, FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting this statement.

In February 2017, FASB issued Accounting Standards Update 2017-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2020, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2017, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.



**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 15 - New Pronouncements (continued)**

In November 2017, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

**NOTE 16 - Subsequent Events**

We have evaluated events subsequent to the years ending June 30, 2019 and 2018, as of January 8, 2020, the date that the financial statements were available to be issued, we are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.