

**THE NASHVILLE SHAKESPEARE FESTIVAL**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2007**

(With Independent Auditor's Report Thereon)

THE NASHVILLE SHAKESPEARE FESTIVAL  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Nashville Shakespeare Festival

We have audited the accompanying statements of financial position of The Nashville Shakespeare Festival (a nonprofit organization) as of September 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nashville Shakespeare Festival as of September 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*APH CPAs*

February 5, 2008

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2007**

**ASSETS**

Current Assets:

Grants receivable	\$ 43,524	
Pledges receivable	4,891	
Prepaid insurance	<u>774</u>	
Total current assets		\$ 49,189

Assets Whose Use is Limited:

Cash	12,500	
Pledges receivable	10,000	
Actors' Equity Association deposit	<u>10,826</u>	
Total assets whose use is limited		33,326

Property and Equipment, net 2,118

\$ 84,633

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Restricted cash in excess of operating cash	\$ 7,928	
Current installments of notes payable	9,133	
Accounts payable and accrued expenses	<u>774</u>	
Total current liabilities		\$ 17,835

Net Assets:

Unrestricted	33,472	
Temporarily restricted	<u>33,326</u>	
		<u>66,798</u>

\$ 84,633

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 136,017	\$ 22,500	\$ -	\$ 158,517
Revenues:				
Grants	51,351	-	-	51,351
Program fees and tickets	29,319	-	-	29,319
Concessions	6,426	-	-	6,426
Advertising	4,850	-	-	4,850
In-kind donations	101,400	-	-	101,400
Investment and interest income	660	-	-	660
Miscellaneous income	20,752	-	-	20,752
Net assets released from restrictions	22,069	(22,069)	-	-
Total revenues	<u>236,827</u>	<u>(22,069)</u>	<u>-</u>	<u>214,758</u>
Total public support and revenues	<u>372,844</u>	<u>431</u>	<u>-</u>	<u>373,275</u>
Expenses and Losses:				
Program services:				
Theater	<u>263,522</u>	<u>-</u>	<u>-</u>	<u>263,522</u>
Total program services	<u>263,522</u>	<u>-</u>	<u>-</u>	<u>256,622</u>
Supporting Services:				
Management and general	132,560	-	-	132,560
Fundraising	<u>15,194</u>	<u>-</u>	<u>-</u>	<u>15,194</u>
Total supporting services	<u>147,754</u>	<u>-</u>	<u>-</u>	<u>147,754</u>
Total program and supporting expenses	<u>411,276</u>	<u>-</u>	<u>-</u>	<u>411,276</u>
Increase (decrease) in net assets	(38,432)	431	-	(38,001)
Net assets - beginning of year	82,730	22,069	-	104,799
Transfer of net assets	<u>(10,826)</u>	<u>10,826</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ 33,472</u>	<u>\$ 33,326</u>	<u>\$ -</u>	<u>\$ 66,798</u>

See accompanying notes to financial statements.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Program Services	Supporting Services		Total Expenses
	<u>Theater</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 97,992	\$ 86,351	\$ 4,044	\$ 188,387
Employee benefits and payroll taxes	17,795	4,538	388	22,721
Bank charges	-	134	-	134
Concessions	806	-	-	806
Dues	-	3,145	-	3,145
Education/Training	3,480	-	38	3,518
In-kind expenses	101,400	-	-	101,400
Insurance	4,897	5,264	595	10,756
Marketing and publications	130	8	9	147
Merchandising/Promo Items	2,273	-	3,143	5,416
Miscellaneous	791	1,404	3,797	5,992
Production costs	22,157	-	-	22,157
Postage	684	184	919	1,787
Printing	5,201	107	1,415	6,723
Professional services	-	4,050	-	4,050
Rent - office	-	3,200	-	3,200
Supplies - office	33	1,525	428	1,986
Storage	-	1,472	-	1,472
STAA	382	19,462	-	19,844
Travel	4,498	34	-	4,532
Telephone	1,003	315	418	1,736
Utilities	-	343	-	343
	263,522	131,536	15,194	410,252
Depreciation	-	1,024	-	1,024
Total program and supporting services	\$ <u>263,522</u>	\$ <u>132,560</u>	\$ <u>15,194</u>	\$ <u>411,276</u>

See accompanying notes to financial statements.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Cash Flows From Operating Activities:		
Decrease in net assets		\$ (38,001)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 1,024	
Changes in:		
Accounts receivable	(2,225)	
Prepaid expenses	800	
Grants receivable	11,996	
Cash whose use is limited	(3,329)	
Accrued expenses	<u>(35)</u>	
Total adjustments		<u>8,231</u>
Net cash used in operating activities		(29,770)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(886)	
Proceeds from certificate of deposit	<u>110</u>	
Net cash used in investing activities		<u>(776)</u>
Net decrease in cash		(30,546)
Cash - beginning of year		<u>30,546</u>
Cash - end of year		<u><u>\$ -</u></u>

See accompanying notes to financial statements.



**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

a. **Nature of Activities**

The Nashville Shakespeare Festival is a nonprofit organization, organized on September 12, 1988, which produces a variety of theatrical productions for the benefit of the general public and students of Middle Tennessee schools. The major sources of funding for the Organization are grants and contributions from local and state governments, private foundations, corporations and individuals in the Middle Tennessee area.

b. **Basis of Presentation**

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

c. **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted cash, certificates of deposit and investment instruments purchased with original maturities of three months or less to be cash equivalents. At September 30, 2007, there were no cash equivalents.

d. **Grants Receivable and Revenues**

The Organization receives several grants from the State of Tennessee and from the Metropolitan Government of Nashville and Davidson County, Tennessee. Most of these grants require the submission of reimbursement requests before funds are disbursed. Grant revenue is recognized as these expenses are incurred. At September 30, 2007, the Organization was due \$43,524 from the Metro Nashville Arts Commission and the Tennessee Arts Commission.

e. **Pledges Receivable**

Receivables for advertising and reimbursement of expenses are recognized when the services are provided. Uncollectible accounts are written off in the period in which they are determined to be uncollectible and are charged to bad debts. For the year ended September 30, 2007, management believes that all pledges receivable are fully collectible; therefore, no allowance has been recorded. At September 30, 2007, the Organization had pledges receivable of \$14,891.



**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

f. Inventory

The Organization does not maintain inventory. On occasion, there are items that are used in more than one production, but are not considered significant to the overall financial statements taken as a whole and are expensed as production cost as the items are purchased.

g. Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize purchases of fixed assets with a value of \$500 or more.

h. Income Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is 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 financial statements.

i. Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

l. Advertising

Advertising is expensed as incurred.

**NOTE 2 - Assets Whose Use is Limited**

The actors' union requires cash to be restricted for the actors' pay while a play is running. After the program is over and the actors are paid, the cash is released from restriction. At September 30, 2007, a play was still running and the amount of \$10,826 was restricted for the actors' pay. The amount was released from restriction in October 2007. Four donations from both foundations and corporate sources were given for the play Hamlet totaling \$22,500 and those assets have been classified as "assets whose use was limited" until the Organization incurs expenses directly relating to that production. As a result of the restrictions on cash, the Organization presents a negative operating cash balance at September 30, 2007. These funds were released from restriction in October 2007.

THE NASHVILLE SHAKESPEARE FESTIVAL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

NOTE 3 - Property and Equipment

Property and equipment at September 30, 2007, consists of the following:

Office equipment	\$ 17,892
Less: accumulated depreciation	( <u>15,774</u> )
	<u>\$ 2,118</u>

NOTE 4 - Leases

On August 21, 2007 the Organization entered into a new lease for office space at the rate of \$350 per month which expires December 31, 2008. Future minimum lease payments for the years ending September 30, 2008 and 2009, will be \$3,850 and \$1,050, respectively.

