

THE NASHVILLE SHAKESPEARE FESTIVAL

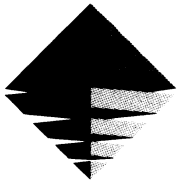
FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(With Independent Auditors' Report Thereon)

THE NASHVILLE SHAKESPEARE FESTIVAL
FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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Charles Akerslout, III

Lisa L. Patterson

Akerslout, Patterson & Associates, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

5034-A Thoroughbred Lane ♦ Brentwood TN ♦ 37027

Phone: (615) 376-8800 Fax: (615) 376-8816

www.ap-cpas.com

Member of the
American Institute of
Certified Public
Accountants

Member of the
Tennessee Society of
Certified Public
Accountants

INDEPENDENT AUDITORS' 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, 2004, 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, 2004, 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.

Akerslout, Patterson & Associates, P.L.L.C.

October 25, 2004

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2004

ASSETS

Current Assets:

Cash	\$ 4,415	
Grants receivable	68,275	
Accounts receivable	<u>150</u>	
Total current assets		\$ 72,840

Assets Whose Use is Temporarily Restricted:

Actor's Federal Credit Union CD		9,818
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Property and Equipment, net		<u>3,971</u>
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\$ 86,629

LIABILITY AND NET ASSETS

Current Liability:

Accounts payable and accrued expenses	<u>\$ 3,346</u>	
Total current liability		<u>\$ 3,346</u>

Net Assets:

Unrestricted	73,465	
Temporarily restricted	<u>9,818</u>	
		<u>83,283</u>
		<u>\$ 86,629</u>

See accompanying notes to financial statements.

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 108,198	\$ 9,818	\$ -	\$ 118,016
Revenues:				
Grants	86,808	-	-	86,808
Program fees and tickets	10,805	-	-	10,805
Concessions	6,447	-	-	6,447
Advertising	4,850	-	-	4,850
In kind donations	73,999	-	-	73,999
Investment and interest income	214	-	-	214
Miscellaneous income	8,050	-	-	8,050
Total revenues	191,173	-	-	191,173
Total public support and revenues	299,371	9,818	-	309,189
Expenses and Losses:				
Program services	196,880	-	-	196,880
Total program services	196,880	-	-	196,880
Supporting Services:				
Management and general	55,516	-	-	55,516
Fundraising	31,464	-	-	31,464
Total supporting services	86,980	-	-	86,980
Total program and supporting expenses	283,860	-	-	283,860
Increase in net assets	15,511	9,818	-	25,329
Net assets - beginning of year	57,954	-	-	57,954
Net assets - end of year	\$ 73,465	\$ 9,818	\$ -	\$ 83,283

See accompanying notes to financial statements.

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Program Services	Supporting Services		Total
	Theater Costs	Management and General	Fundraising	Expenses
Salaries and wages	\$ 90,663	\$ 24,889	\$ 24,168	\$ 139,720
Employee benefits and payroll taxes	8,000	9,671	-	17,671
Bank charges	-	267	-	267
Concessions	3,546	-	-	3,546
Dues	-	1,235	-	1,235
In kind expenses	73,249			73,249
Insurance	-	9,184	-	9,184
Marketing and publications	-	-	502	502
Miscellaneous	-	144	-	144
Production costs	15,351	-	-	15,351
Postage	-	684	1,227	1,911
Printing	-	517	1,935	2,452
Professional services	-	3,750	-	3,750
Rent - office	3,432	1,373	2,059	6,864
Supplies - office	239	478	238	955
Travel	176	842	-	1,018
Telephone	1,086	435	652	2,173
Utilities	1,138	455	683	2,276
	196,880	53,924	31,464	282,268
Depreciation	-	1,592	-	1,592
Total program and supporting services	\$ <u>196,880</u>	\$ <u>55,516</u>	\$ <u>31,464</u>	\$ <u>283,860</u>

See accompanying notes to financial statements.

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Cash Flows From Operating Activities:

Increase in net assets \$ 25,329

Adjustments to reconcile increase in net assets

to net cash used in operating activities:

Depreciation	\$	1,592	
In-kind donations		(750)	
Changes in:			
Accounts receivable		999	
Certificate of deposit		(88)	
Grants receivable		(28,608)	
Accrued expenses		<u>(5,296)</u>	
Total adjustments			<u>(32,151)</u>
Net cash used in operating activities			(6,822)

Cash Flows From Investing Activities:

Purchase of property and equipment	<u>(1,914)</u>		
Net cash used in investing activities			<u>(1,914)</u>

Net decrease in cash (8,736)

Cash - beginning of year 13,151

Cash - end of year \$ 4,415

THE NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE 1 - Summary of Significant Accounting Policies

a. **Nature of Activities**

The Nashville Shakespeare Festival is a nonprofit organization, which was organized on September 12, 1988, 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, 2004, 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, 2004, the Organization was due \$68,275 from the State of Tennessee and the Metropolitan Government of Nashville and Davidson County, Tennessee.

e. **Accounts 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, 2004, management believes that all accounts receivable are fully collectible and therefore no allowance has been recorded. At September 30, 2003, the Organization had accounts receivable of \$150.

THE NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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 - Property and Equipment

Property and equipment at September 30, 2004, consists of the following:

Office equipment	\$ 15,707
Less: accumulated depreciation	(11,736)
	<u>\$ 3,971</u>

