

# **Nashville Academy Theatre and Nashville Children's Theatre Association**

Financial Statements  
For the Years Ended June 30, 2023 and 2022

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Financial Statements  
For the Years Ended June 30, 2023 and 2022

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## Independent Auditor's Report

Board of Directors  
Nashville Academy Theatre and  
Nashville Children's Theatre Association

### Opinion

We have audited the financial statements of Nashville Academy Theatre and Nashville Children's Theatre Association (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 auditor's 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 GAAS 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 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.

In performing an audit in accordance with GAAS, 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 purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
January 29, 2024

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statements of Financial Position  
June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash	\$ 639,530	\$ 815,385
Contributions and grants receivable	137,337	473,809
Contributions receivable, facilities use	120,000	120,000
Prepaid expenses and other	89,654	47,846
Property and equipment, net	2,264,963	2,427,552
Beneficial interest in assets held by Community Foundation of Middle Tennessee	352,965	320,004
Total assets	<b>\$ 3,604,449</b>	<b>\$ 4,204,596</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 37,053	\$ 153,520
Accrued expenses	93,710	29,052
Deferred revenues	157,751	135,804
Notes payable	179,646	322,557
Total liabilities	468,160	640,933
Net assets		
Without donor restrictions	2,801,520	3,267,115
With donor restrictions	334,769	296,548
Total net assets	3,136,289	3,563,663
Total liabilities and net assets	<b>\$ 3,604,449</b>	<b>\$ 4,204,596</b>

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statement of Activities  
For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and Support</b>			
Revenues			
Admissions	\$ 831,494	\$ -	\$ 831,494
Theatre academy	476,193	-	476,193
Concessions and merchandise	6,151	-	6,151
Contracted services	9,268	-	9,268
Other income	20,986	-	20,986
Total revenues	1,344,092	-	1,344,092
Support			
Contributions of nonfinancial assets	74,336	120,000	194,336
Contributions of cash and other financial assets	460,100	25,125	485,225
Government grants and support	336,148	-	336,148
Employee retention credits	-	-	-
Benefit events (net of direct expenses of \$68,499)	42,130	-	42,130
Change in value of beneficial interest in assets held by Community Foundation of Middle Tennessee	12,856	20,105	32,961
Net assets released from restrictions	127,009	(127,009)	-
Total support	1,052,579	38,221	1,090,800
Total revenues and support	2,396,671	38,221	2,434,892
<b>Expenses</b>			
Program services			
Productions	1,540,727	-	1,540,727
Education	674,337	-	674,337
Supporting services			
General and administrative expenses	363,638	-	363,638
Fundraising expenses	283,564	-	283,564
Total expenses	2,862,266	-	2,862,266
Change in net assets	(465,595)	38,221	(427,374)
Net assets, beginning of year	3,267,115	296,548	3,563,663
Net assets, end of year	\$ 2,801,520	\$ 334,769	\$ 3,136,289

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statement of Activities  
For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and Support</b>			
Revenues			
Admissions	\$ 422,939	\$ -	\$ 422,939
Theatre academy	423,898	-	423,898
Concessions and merchandise	12,161	-	12,161
Contracted services	3,232	-	3,232
Total revenues	862,230	-	862,230
Support			
Contributions of nonfinancial assets	108,423	120,000	228,423
Contributions of cash and other financial assets	559,069	-	559,069
Government grants and support	1,121,111	-	1,121,111
Employee retention credits	104,176	-	104,176
Benefit events (net of direct expenses of \$51,861)	39,529	-	39,529
Distributions from beneficial interest in assets held by Community Foundation of Middle Tennessee	10,699	-	10,699
Change in value of beneficial interest in assets held by Community Foundation of Middle Tennessee	(30,795)	(36,814)	(67,609)
Net assets released from restrictions	123,219	(123,219)	-
Total support	2,035,431	(40,033)	1,995,398
Total revenues and support	2,897,661	(40,033)	2,857,628
<b>Expenses</b>			
Program services			
Productions	1,096,461	-	1,096,461
Education	534,882	-	534,882
Supporting services			
General and administrative expenses	442,754	-	442,754
Fundraising expenses	251,451	-	251,451
Total expenses	2,325,548	-	2,325,548
Change in net assets	572,113	(40,033)	532,080
Net assets, beginning of year	2,695,002	336,581	3,031,583
Net assets, end of year	\$ 3,267,115	\$ 296,548	\$ 3,563,663

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statement of Functional Expenses  
For the Year Ended June 30, 2023

	<b>Productions</b>	<b>Education</b>	<b>General and administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 673,965	\$ 380,920	\$ 159,056	\$ 104,923	\$ 1,318,864
Employee taxes, insurance	140,310	32,591	34,583	7,048	214,532
	<u>814,275</u>	<u>413,511</u>	<u>193,639</u>	<u>111,971</u>	<u>1,533,396</u>
Advertising and public relations	46,403	6,950	-	141,710	195,063
Custodial services	25,429	12,715	4,238	-	42,382
Depreciation	187,001	74,821	24,940	-	286,762
Equipment rental and maintenance	88,716	16,556	11,747	-	117,019
Food and catering	3,674	204	1,768	1,633	7,279
Insurance	15,769	7,884	2,628	-	26,281
Interest	6,676	3,338	1,113	-	11,127
Outside services	8,058	9,715	57,642	1,314	76,729
Postage	475	-	1,465	1,000	2,940
Printing	-	-	34	2,909	2,943
Production materials	51,581	5,237	-	-	56,818
Rent	72,000	37,030	12,000	-	121,030
Royalties	87,319	1,314	19	-	88,652
Software and licensing	26,965	3,424	13,496	16,529	60,414
Supplies	9,910	16,974	17,016	3,934	47,834
Ticket and bank fees	15,073	26,167	5,346	2,424	49,010
Travel and registrations	5,496	543	3,896	140	10,075
Utilities	75,907	37,954	12,651	-	126,512
	<u>\$ 1,540,727</u>	<u>\$ 674,337</u>	<u>\$ 363,638</u>	<u>\$ 283,564</u>	<u>\$ 2,862,266</u>



**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statement of Functional Expenses  
For the Year Ended June 30, 2022

	<b>Productions</b>	<b>Education</b>	<b>General and administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 438,936	\$ 273,178	\$ 203,561	\$ 72,542	\$ 988,217
Employee taxes, insurance	60,379	16,594	56,103	4,195	137,271
	<u>499,315</u>	<u>289,772</u>	<u>259,664</u>	<u>76,737</u>	<u>1,125,488</u>
Advertising and public relations	23,241	8,053	1,719	124,673	157,686
Custodial services	24,229	12,115	4,038	-	40,382
Depreciation	168,870	63,966	23,027	-	255,863
Equipment rental and maintenance	22,842	120	44,868	3,815	71,645
Food and catering	176	60	1,650	743	2,629
Insurance	13,404	6,702	2,234	-	22,340
Interest	16,859	8,430	2,810	-	28,099
Outside services	5,967	4,043	46,495	-	56,505
Postage	2,543	146	888	4,124	7,701
Printing	1,011	7,198	3,860	11,763	23,832
Production materials	92,981	4,865	-	29	97,875
Rent	100,538	40,843	12,568	3,141	157,090
Royalties	10,246	1,439	-	-	11,685
Software and licensing	1,460	6,207	9,900	12,362	29,929
Supplies	19,427	23,225	10,861	1,321	54,834
Ticket and bank fees	15,724	17,582	5,384	1,801	40,491
Travel and registrations	4,918	-	252	10,942	16,112
Utilities	72,710	40,116	12,536	-	125,362
	<u>\$ 1,096,461</u>	<u>\$ 534,882</u>	<u>\$ 442,754</u>	<u>\$ 251,451</u>	<u>\$ 2,325,548</u>

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Cash, beginning of year	\$ 815,385	\$ 411,518
<b>Cash flows from operating activities</b>		
Change in net assets	(427,374)	532,080
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	286,762	255,863
Payout from beneficial interest held in trust by others	-	(10,699)
Change in:		
Contributions and grants receivable	336,472	(213,108)
Prepaid expenses and other	(41,808)	(40,682)
Beneficial interest in assets held by Community Foundation of Middle Tennessee	(32,961)	67,609
Accounts payable	(116,467)	89,556
Accrued expenses	64,658	4,885
Deferred revenues	21,947	6,371
Net cash provided (used) by operating activities	<u>91,229</u>	<u>691,875</u>
<b>Cash flows from investing activities</b>		
Distribution received from Community Foundation of Middle Tennessee	-	10,699
Payments for property and equipment	(124,173)	(246,910)
Net cash provided (used) by investing activities	<u>(124,173)</u>	<u>(236,211)</u>
<b>Cash flows from financing activities</b>		
Payments on notes payable	(142,911)	(51,797)
Net change in cash	<u>(175,855)</u>	<u>403,867</u>
Cash, end of year	<b>\$ 639,530</b>	<b>\$ 815,385</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash payments for interest	\$ 8,165	\$ 13,820

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 1. Organization and Nature of Activities**

Nashville Academy Theatre and Nashville Children's Theatre Association, a Tennessee not-for-profit corporation (the Organization), is a professional theatre for young audiences of Nashville, the surrounding communities and adjacent states. In addition to theatre presentations, the Organization provides young people with opportunities for education, experience, and participation in theatre arts through drama classes. The Organization's funding is provided by admissions, public and private contributions, and government grants.

The Organization conducts business as the Nashville Children's Theatre.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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.

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.

**Use of Estimates**

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

**Property and Equipment**

Purchased property and equipment are stated at cost, or if donated, at the estimated fair market value as of the date of donation and consists of leasehold improvements, equipment, costumes, and props. The Organization's policy is to capitalize all property and equipment over \$1,000. Cost of costumes and props capitalized includes both material and labor costs. Depreciation is provided over the assets' estimated useful lives, generally 5 to 25 years using the straight-line method. Expenditures for maintenance and repairs are expensed when incurred. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

**Beneficial Interest in Funds Held by Community Foundation of Middle Tennessee**

The Organization's beneficial interest in assets held by Community Foundation of Middle Tennessee (CFMT) is recognized as an asset. Investment income and changes in the value of the funds are recognized in the statements of activities and distributions received from the fund are recorded as decreases in the beneficial interest.

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Contributions and Grants**

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution or grant is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

Contributions and grants are recognized when the donor makes an unconditional promise to give to the Organization. The Organization uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Contributions of Nonfinancial Assets**

Contributed services are reflected in the financial statements at the estimated fair value of the services received only when those services either (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Revenue Recognition**

Revenues are recognized in the period that performances occur or services are provided. Revenues received in advance are recorded as deferred revenues on the statements of financial position and recognized as revenues in the year in which they are earned.

**Compensated Absences**

Accruals for accumulated unpaid vacation have been provided. No accrual is made for accumulated sick leave, since such benefits do not vest.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified by the Internal Revenue Service as other than a private foundation.

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Fair Value Measurements**

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 Inputs – Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g., prices derived from NYSE, NASDAQ, or Chicago Board of Trade).

Level 2 Inputs – Fair values are based on inputs other than quoted prices included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (e.g., interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Inputs – Fair values are based on unobservable inputs used for valuing the asset or liability. Unobservable inputs are those that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which requires significant judgment.

Following is a description of the valuation methodologies used for financial assets and liabilities measured at fair value on a recurring basis:

Beneficial interest in assets held by Community Foundation of Middle Tennessee - The endowment funds held by CFMT represent the Organization's interest in pooled investments with other participants in the funds. CFMT prepares a valuation of the fund based on the fair value of the underlying investments and allocates income or loss to each participant based on market results. Due to the nature of the underlying investments and method of allocation of the fund, the beneficial interest in the endowment funds are classified within Level 3 of the valuation hierarchy (see note 6).

No changes in the valuation methodologies have been made since the prior year.

**Functional Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Functional Expenses**

The expenses that are allocated include the following:

	<b>Method of allocation</b>
Custodial services	Facility square footage
Depreciation	Facility square footage
Employment screening	Estimated usage
Equipment rental and maintenance	Estimated usage
Insurance	Estimated usage
Interest	Estimated usage
Outside services	Estimated usage
Printing	Estimated usage
Rent	Facility square footage
Salaries and fringe benefits	Time and effort
Supplies	Estimated usage
Travel and registrations	Estimated usage
Utilities	Facility square footage

**Note 3. Liquidity and Availability**

The following represents the Organization's financial assets:

	<b>2023</b>	<b>2022</b>
Financial assets at year-end:		
Cash	\$ 639,530	\$ 815,385
Contributions and grants receivable	137,337	473,809
Beneficial interest in funds held by Community Foundation of Middle Tennessee	<u>352,965</u>	<u>320,004</u>
Total financial assets at year-end	1,129,832	1,609,198
Less amounts not available to be used within one year:		
Beneficial interest in funds held by others	<u>(352,965)</u>	<u>(320,004)</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<b>\$ 776,867</b>	<b>\$ 1,289,194</b>

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 4. Contributions and Grants Receivable**

Contributions and grants receivable consist of amounts from individuals, organizations, and government units. The contributions and grants receivable are summarized as follows as of June 30:

	<b>2023</b>	<b>2022</b>
Government grants	\$ 112,212	\$ 367,599
Pledges and grants	25,125	7,010
Employee retention tax credits	<u>-</u>	<u>99,200</u>
	<b>\$ 137,337</b>	<b>\$ 473,809</b>

All receivables are expected to be collected during the year ended June 30, 2024.

Contributions receivable for facility use consist of the fair value of one year's ensuing rent totaling \$120,000. As more fully described in note 9, the Organization has contributed leasing arrangements with the Metropolitan Government of Nashville and Davidson County, Tennessee for its operational and performance space.

**Note 5. Property and Equipment**

Property and equipment consisted of the following:

	<b>2023</b>	<b>2022</b>
Leasehold improvements	\$ 5,308,207	\$ 5,220,956
Furniture and fixtures	284,908	280,606
Costumes and props	453,769	441,269
Theatre equipment	331,545	331,545
Website	<u>331,545</u>	<u>22,750</u>
	6,421,299	6,297,126
Less: accumulated depreciation	<u>(4,156,336)</u>	<u>(3,869,574)</u>
	<b>\$ 2,264,963</b>	<b>\$ 2,427,552</b>

Depreciation expense was \$286,762 and \$255,863 for 2023 and 2022, respectively.

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 6. Endowment Funds**

The Organization has a beneficial interest in two endowment funds held by CFMT. The balance of the funds consists of a combination of funds classified as without donor restrictions and with donor restrictions. Earnings on these funds are used to support professional theatre for young audiences in the Middle Tennessee area. The Organization has granted variance power to CFMT, and CFMT has the ultimate authority and control over the funds. The funds are charged a 0.4% administrative fee annually. Upon request by the Organization, income from the funds representing up to a 5% annual return may be distributed to the Organization or to another suggested beneficiary. A portion of the funds will not be available for any distribution until 2024 as requested by the donor.

A schedule of changes in the Organization's beneficial interest in these funds follows:

	<b>Unrestricted designated</b>	<b>Time/use restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
June 30, 2021	\$ 181,261	\$ 4,707	\$ 201,645	\$ 387,613
Change in value				
Investment gain	(20,469)	(3,493)	(31,080)	(55,042)
Fees	(718)	(123)	(1,027)	(1,868)
Appropriations	<u>(9,139)</u>	<u>(1,560)</u>	<u>-</u>	<u>(10,699)</u>
June 30, 2022	150,935	(469)	169,538	320,004
Change in value				
Investment gain	13,338	2,276	20,317	35,931
Fees	(952)	(162)	(1,856)	(2,970)
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2023	\$ <b>163,321</b>	\$ <b>1,645</b>	\$ <b>187,999</b>	\$ <b>352,965</b>



**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 7. Notes Payable**

Notes payable consist of the following:

	<b>2023</b>	<b>2022</b>
Note payable to Pinnacle Bank that was converted from an unsecured line of credit. The note calls for monthly principal payments of \$1,500 plus interest until July 30, 2024, at which time the remaining outstanding balance is due. Interest on outstanding borrowings is payable at a fixed rate of 5.00%. The note is secured by the Organization's contributions receivable.	\$ 29,646	\$ 172,557
US Small Business Administration Economic Injury Disaster Loan. The loan calls for monthly payments of principal and interest of \$641, beginning on May 21, 2023, calculated at a 2.75% interest rate. All outstanding principal and interest is due on May 21, 2050.	<u>150,000</u>	<u>150,000</u>
Total notes payable	<b>\$ 179,646</b>	<b>\$ 322,557</b>

Annual principal maturities of notes payable are as follows:

<b>Year ending June 30,</b>	
2024	\$ 33,258
2025	3,713
2026	3,816
2027	3,923
2028	4,032
Thereafter	<u>130,904</u>
Total	<b>\$ 179,646</b>

**Nashville Academy Theatre and  
Nashville Children's Theatre Association**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 8. Leasing Arrangements**

The land and building occupied by the Organization are leased through the year 2023 from the Metropolitan Government of Nashville and Davidson County (Lessor) for one dollar per year. The lease includes three five-year extension terms of which the Organization is now operating under. The lease contains a cancellation provision should the Lessor decide to use the premises for a governmental purpose. The Organization would have no less than one calendar year's notice for cancellation. Additional time would be granted in excess of the year to allow the Organization to locate suitable, alternative space as long as the Organization is using good faith efforts to locate such space. Should the Lessor exercise the cancellation provision, the Organization would be reimbursed the unamortized portion of the capital improvements that have been amortized over the term of the lease. As described in note 11, the Lessor also provides donation of utilities. A contribution receivable and corresponding donor-restricted revenues for the fair rental value of the facilities use have been recognized each year for the ensuing one-year period.

The Organization has entered into leases for office equipment which are not material in amount. Accordingly, no right-of-use asset or lease liability are recorded on the financial statements.

**Note 9. Net Assets**

Net assets without donor restrictions are available for the Organization's various programs and administration. Within net assets without donor restrictions, the Organization has designated funds for an endowment (see note 6). Net assets with donor restrictions are restricted for certain programs or projects.

Net assets consist of the following:

	<b>2023</b>	<b>2022</b>
Net assets without donor restrictions		
Undesignated net assets without donor restrictions	\$ 2,638,199	\$ 3,116,649
Designated net assets in beneficial interest held by others	<u>163,321</u>	<u>150,466</u>
	2,801,520	3,267,115
Net assets with donor restrictions		
Time restricted pledges and grants	25,125	7,010
Facilities use	120,000	120,000
Time restricted assets in beneficial interest held by others	1,645	-
Permanently restricted assets in beneficial interest held by others	<u>187,999</u>	<u>169,538</u>
	<u>334,769</u>	<u>296,548</u>
	<b>\$ 3,136,289</b>	<b>\$ 3,563,663</b>

**Nashville Academy Theatre and  
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Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 10. Contributions of Nonfinancial Assets**

The Organization has an agreement with the Metropolitan Government of Nashville and Davidson County to use the site where the Organization is located for \$1 annually. The fair value of the use of the facilities is estimated to be \$120,000 per year. The Metropolitan Government of Nashville and Davidson County also provides donated utilities for the building which is estimated to be \$72,000 each year.

The Organization receives contributions of nonfinancial assets in the form of goods and services used for productions and special events. In valuing these goods and services, the Organization estimated the fair value on the basis of wholesale values that would be received for leasing or selling similar products.

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The following contributions of nonfinancial assets have been included in revenues and expenses in the financial statements:

	<b>2023</b>	<b>2022</b>
Included in unrestricted contributions		
Utilities	\$ 72,000	\$ 72,000
Production and special event supplies and services	<u>2,336</u>	<u>36,423</u>
	74,336	108,423
Included in restricted contributions		
Rent	<u>120,000</u>	<u>120,000</u>
	<b>\$ 194,336</b>	<b>\$ 228,423</b>

**Note 11. Pension Benefits**

The Organization sponsors a Simplified Employee Pension Plan under IRC §403(b). The plan allows all employees over the age of 21 to participate. The Organization makes discretionary contributions based on a uniform contribution allocation formula. Participant salary reduction contributions are not permitted by the plan; however, participants may make self-directed contributions to their account. The amount of the Organization's contributions to a participant's account for any plan year may not exceed the lesser of 15% of the participant's salary or \$35,000. No contributions to this plan were made for the years ended June 30, 2023 and 2022.

The Organization also makes pension payments on behalf of equity actors to various artist unions and leagues. The amount of the Organization's contributions to these organizations totaled \$14,110 and \$5,230 for the years ended June 30, 2023 and 2022, respectively.

**Nashville Academy Theatre and  
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**Note 12. Concentrations**

Of the Organization's total revenues and support for 2023 and 2022, approximately 22% and 46%, respectively, represent funds received from grants and contributions of nonfinancial assets from local and federal governments. No other revenues and support source represents 10% or more of total revenues and support.

The Organization has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$390,000 and \$480,000 at June 30, 2023 and 2022, respectively. The Organization maintains its cash with a high-quality financial institution which the Organization believes limits these risks.

**Note 13. Contingencies**

The Organization receives support from state and local governments. In the event of a significant reduction in the level of this support, the Organization's programs and activities could be affected. In addition, funding received by the Organization from governmental agencies is subject to audit and retroactive adjustment. In management's opinion, no provision for audit or retroactive adjustment is considered necessary.

**Note 14. Subsequent Events**

Management has evaluated subsequent events through January 29, 2024, the date on which the financial statements were available for issuance.