

**2013**  
**Financial Statements**  
**With**  
**Auditor's Letters**

**THE NASHVILLE SHAKESPEARE FESTIVAL**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

(With Independent Auditor's Report Thereon)

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8



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

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Nashville Shakespeare Festival

We have audited the accompanying financial statements of The Nashville Shakespeare Festival (a nonprofit organization) which comprise the statements of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year 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 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 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 The Nashville Shakespeare Festival as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Patterson Hardee & Ballentine*

November 14, 2013

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013**

**ASSETS**

Current Assets:

Cash	\$ 27,876	
Accounts receivable	45,450	
Total current assets		\$ 73,326

Assets Whose Use is Limited:

Cash	1,552	
Certificate of deposit	8,106	
Total assets whose use is limited		9,658

Equipment:

Equipment	24,852	
Less: accumulated depreciation	(11,728)	
Total equipment, net		13,124

Total assets		\$ 96,108
--------------	--	-----------

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$ 1,904	
Line of credit	23,958	
Total current liabilities		\$ 25,862

Net Assets:

Unrestricted	60,588	
Temporarily restricted	9,658	

Total net assets		70,246
------------------	--	--------

	\$ 96,108
--	-----------

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Public support:				
Contributions	\$ 235,719	\$ -	\$ -	\$ 235,719
Total public support	235,719	-	-	235,719
Revenue:				
Grants	74,000	-	-	74,000
Program fees and tickets	86,738	-	-	86,738
In-kind donations	402,307	-	-	402,307
Investment and interest income	46	-	-	46
Net assets released from restrictions	19,658	(19,658)	-	-
Total revenue	582,749	(19,658)	-	563,091
Total public support and revenue	818,468	(19,658)	-	798,810
Expenses:				
Program services				
Education	21,014	-	-	21,014
Winter	314,056	-	-	314,056
Shakespeare in the Park	260,842	-	-	260,842
Other	74,014	-	-	74,014
Total program services	669,926	-	-	669,926
Supporting services				
Management and general	64,472	-	-	64,472
Fundraising	69,076	-	-	69,076
Total supporting services	133,548	-	-	133,548
Total expenses	803,474	-	-	803,474
Increase (decrease) in net assets	14,994	(19,658)	-	(4,664)
Net assets - beginning of year	55,252	19,658	-	74,910
Transfer of net assets	(9,658)	9,658	-	-
Net assets - end of year	\$ 60,588	\$ 9,658	\$ -	\$ 70,246

See accompanying notes to financial statements.





**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Cash Flows From Operating Activities:

Decrease in net assets	\$ (4,664)
------------------------	------------

Adjustments to reconcile decrease in net assets  
to net cash provided by operating activities:

Depreciation	\$	4,450	
Changes in:			
Accounts receivable		3,129	
Cash whose use is limited		10,000	
Accounts payable		1,180	
		18,759	
Total adjustments			18,759
Net cash provided by operating activities			14,095

Cash Flow From Investing Activities:

Purchase of equipment	(1,789)		
Net cash used in investing activities			(1,789)

Cash Flows From Financing Activities:

Net change in line of credit	(42)		
Net cash used in financing activities			(42)

Net increase in cash		12,264	
Cash - beginning of year		15,612	
Cash - end of year		\$ 27,876	

**SUPPLEMENTAL INFORMATION**

Total interest paid for the year ending September 30, 2013, was \$722.



**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

a. **Nature of Activities**

The terms "we", "us", or "our" are used throughout these notes to identify The Nashville Shakespeare Festival, a nonprofit organization, organized on September 12, 1988. We produce a variety of theatrical productions and workshops for the benefit of the general public, students of Middle Tennessee schools, and businesses. The major sources of our funding 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, our net assets and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which may or will be met, either by our actions and/or the passage of time. Restrictions which 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 which are maintained permanently by us. Generally, the donors of these assets permit us 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, we consider 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, 2013, there were no cash equivalents.

At September 30, 2013, we have one certificate of deposit, which expires on December 1, 2013, which earns interest at .50% per year. The certificate of deposit will automatically renew for another six month period.

d. **Grants Receivable and Revenues**

We receive 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, 2013, we were due a total of \$43,300 from the Metro Nashville Arts Commission and the Tennessee Arts Commission, which is included in accounts receivable.

e. **Pledges Receivable**

Receivables for corporate donations 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, 2013, we believe all pledges receivable are fully collectible; therefore, no allowance has been recorded. At September 30, 2013, we have pledges receivable of \$50, which is included in accounts receivable.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

f. 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 our policy to capitalize purchases of fixed assets with a value of \$500 or more.

Props and costumes are not capitalized as fixed assets in accordance with generally accepted accounting principles. All costume and props are deemed to have a useful life of less than one year and are expensed when incurred. We believe the understatement of our fixed assets are immaterial and incidental to the financial statements as a whole.

g. Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and we are classified as an organization which 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.

h. 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.

i. Use of Estimates

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

j. 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.

**NOTE 2 - Accounts Receivable**

At September 30, 2013, accounts receivable consisted of the following:

Grants receivable	\$ 43,300
Pledges receivable	50
Other receivables	<u>2,100</u>
	<u>\$ 45,450</u>

**NOTE 3 - Assets Whose Use is Limited**

The certificate of deposit and a portion of our savings, which total \$9,658, are required to be restricted for the actors' pay while a play is running by the Actor's Equity Association. After the play is concluded, the certificate of deposit and cash are released by the Actor's Equity Association. For the year ended September 30, 2013, we transferred \$9,658 from unrestricted net assets to temporarily restricted net assets for the play to be performed in the year ending September 30, 2014.



**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 4 - Line of Credit**

We have the use of a line of credit, which is accessed through a credit card from First Tennessee Bank. The credit card is mainly used to pay expenses incurred and reimbursed later under various grant agreements. The interest rate on the line of credit varies throughout the year (4.5% at September 30, 2013), and at September 30, 2013, we have used \$23,958 of the available \$50,000. The line of credit has a maturity date of September 15, 2014.

**NOTE 5 - Leases**

We lease office space from Nashville Public Television under two lease agreements, which expire on December 31, 2014. We may also lease additional space for 3 weeks each year for rehearsal space at \$500 per week. We also rent equipment as needed on a month-to-month basis. Total rent expense for the year ending September 30, 2013, was \$15,570.

The following is a schedule of future minimum lease payments:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 8,792
2015	<u>2,198</u>
Total	<u>\$ 10,990</u>

**NOTE 6 - Insurance**

We finance insurance premiums through Bank Direct Capital Finance at an annual rate of 9%. We made a down payment of \$1,389, and the outstanding premium of \$4,404 is payable in eight consecutive payments during the next fiscal year.

**NOTE 7 - Concentrations**

At September 30, 2013, 86% of our total receivables were due from one grantor.

**NOTE 8 - In-kind Contributions**

We receive various in-kind gifts and donations, which are recorded as revenue at fair market value and fully expensed when received. The total amount of the revenue and expense recognized for the fiscal year was \$402,307.

The donated goods and services were used for both the winter and summer theater productions, along with professional services donated for general and administrative uses. The donated goods included rental space, marketing items, door prizes, and concessions for the performances. Donated services included public relations, legal, media production, performance direction, and website design.

**NOTE 9 - Subsequent Events**

We have evaluated events subsequent to the year ending September 30, 2013. As of November 14, 2013, the date the financial statements were available to be issued, no events subsequent to the Statement of Financial Position date are considered necessary to be included in the financial statements for the year ended September 30, 2013.