

**NASHVILLE REPERTORY THEATRE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

(With Independent Auditor's Report Thereon)

# NASHVILLE REPERTORY THEATRE, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nashville Repertory Theatre, Inc.

### **Opinion**

We have audited the accompanying financial statements of Nashville Repertory Theatre, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Nashville Repertory Theatre, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements as of June 30, 2021, were audited by Patterson, Hardee & Ballentine, P.C., who merged with UHY, LLP as of December 1, 2022, and whose report dated January 19, 2022, expressed an unmodified opinion on those statements.

### **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 Nashville Repertory Theatre, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Nashville Repertory Theatre, Inc.'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 Nashville Repertory Theatre, Inc.'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.

The image shows a handwritten signature in black ink. The letters 'UHY' are written in a large, stylized, cursive font, and 'LLP' is written in a smaller, simpler font to the right of 'UHY'.

Franklin, TN  
January 30, 2023

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 129,447	\$ 813,128
Accounts receivable	128,764	81,487
Grants receivable	1,454,214	18,450
Prepaid expenses	26,054	8,859
Total current assets	1,738,479	921,924
Property and equipment, net	72,519	37,178
Pledges receivable	<u>-</u>	<u>300,000</u>
Total assets	<u>\$ 1,810,998</u>	<u>\$ 1,259,102</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 157,280	\$ 46,462
Contract liabilities	146,255	160,332
Current portion of long-term debt	29,931	51,165
Total current liabilities	<u>333,466</u>	<u>257,959</u>
Long-term debt	<u>256,741</u>	<u>363,624</u>
Total liabilities	<u>590,207</u>	<u>621,583</u>
Net Assets:		
Without donor restrictions	1,195,791	312,519
With donor restrictions	25,000	325,000
Total net assets	<u>1,220,791</u>	<u>637,519</u>
Total liabilities and net assets	<u>\$ 1,810,998</u>	<u>\$ 1,259,102</u>

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Gross special event revenue	\$ 249,675	\$ -	\$ 249,675	\$ 38,619	\$ -	\$ 38,619
Less direct cost of special events	(28,211)	-	(28,211)	(19,235)	-	(19,235)
Net special events revenue	221,464	-	221,464	19,384	-	19,384
Public support						
Ticket sales	504,624	-	504,624	-	-	-
Contributions	318,764	25,000	343,764	379,798	25,000	404,798
Grants	1,916,207	-	1,916,207	479,481	-	479,481
Rental and sales income	13,665	-	13,665	8,383	-	8,383
In-kind donations	15,250	-	15,250	5,000	-	5,000
Employee Retention Credit (ERC)	184,258	-	184,258	-	-	-
Other income	4,166	-	4,166	2,019	-	2,019
Net assets released from restrictions	325,000	(325,000)	-	500,181	(500,181)	-
Total public support	3,281,934	(300,000)	2,981,934	1,374,862	(475,181)	899,681
Total support and revenues	3,503,398	(300,000)	3,203,398	1,394,246	(475,181)	919,065
Expenses:						
Program services:						
Main stage productions	1,902,352	-	1,902,352	323,713	-	323,713
New stages	36,694	-	36,694	5,782	-	5,782
Professional training and education	41,728	-	41,728	36,735	-	36,735
Total program services	1,980,774	-	1,980,774	366,230	-	366,230
Supporting services:						
Management and general	623,861	-	623,861	422,593	-	422,593
Fundraising	15,491	-	15,491	7,750	-	7,750
Total supporting services	639,352	-	639,352	430,343	-	430,343
Total expenses	2,620,126	-	2,620,126	796,573	-	796,573
Change in net assets	883,272	(300,000)	583,272	597,673	(475,181)	122,492
Net assets (deficit) - beginning of year,	312,519	325,000	637,519	(285,154)	800,181	515,027
Net assets (deficit) - end of year	\$ 1,195,791	\$ 25,000	\$ 1,220,791	\$ 312,519	\$ 325,000	\$ 637,519

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**  
**(continued on page 6)**

	Program Services							
	Main stage productions		New stages		Professional training and education		Total program services	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and wages	\$ 718,164	\$ 219,184	\$ -	\$ -	\$ 16,615	\$ 36	\$ 734,779	\$ 219,220
Payroll taxes	55,222	16,536	-	-	1,116	-	56,338	16,536
Fringe benefits	42,286	23,961	-	-	2,062	168	44,348	24,129
Total payroll costs	815,672	259,681	-	-	19,793	204	835,465	259,885
Bad debt expense	3,198	-	-	-	-	-	3,198	-
Bank fees	-	25	-	-	-	-	-	25
Communications	1,800	1,184	-	-	-	-	1,800	1,184
Conferences	9,233	510	7,924	-	-	278	17,157	788
Contract services	37,446	6,698	-	-	-	2,085	37,446	8,783
Depreciation	30,874	25,385	-	-	-	-	30,874	25,385
Dues and subscriptions	129	270	-	-	100	100	229	370
Equipment rental	2,685	1,493	-	-	-	125	2,685	1,618
In-kind expense	15,250	5,000	-	-	-	-	15,250	5,000
Insurance	-	-	-	-	-	-	-	-
Interest expense	-	2	-	-	-	114	-	116
Marketing	133,462	203	421	-	286	107	134,169	310
Meals and entertainment	4,055	1,643	542	-	18	49	4,615	1,692
Miscellaneous	25	1,346	-	-	-	88	25	1,434
Office supplies	28	516	34	-	-	-	62	516
Postage and shipping	7,338	1,024	12	-	-	-	7,350	1,024
Printing	12,735	-	-	-	-	-	12,735	-
Production expenses	788,561	15,465	27,695	5,746	19,550	32,982	835,806	54,193
Professional services	-	-	-	-	-	-	-	-
Rent	13,200	-	-	-	-	-	13,200	-
Special events	-	-	-	-	-	-	-	-
Supplies	26,641	2,582	3	-	1,428	246	28,072	2,828
Technology	20	686	63	36	553	357	636	1,079
Total expenses by function	1,902,352	323,713	36,694	5,782	41,728	36,735	1,980,774	366,230
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	\$ 1,902,352	\$ 323,713	\$ 36,694	\$ 5,782	\$ 41,728	\$ 36,735	\$ 1,980,774	\$ 366,230

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**  
**(continued from page 5)**

	Supporting Services				Total	
	Management and general		Fundraising			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries and wages	\$ 298,420	\$ 207,568	\$ -	\$ -	\$ 1,033,200	\$ 426,788
Payroll taxes	21,808	17,736	-	-	78,146	34,272
Fringe benefits	23,513	10,528	-	-	67,861	34,657
Total payroll costs	343,741	235,832	-	-	1,179,207	495,717
Bad debt expense	-	9,850	-	-	3,198	9,850
Bank fees	1,381	1,262	80	10	1,461	1,297
Communications	10,025	10,537	1,702	1,014	13,526	12,735
Conferences	407	26	104	684	17,668	1,498
Contract services	-	-	650	-	38,096	8,783
Depreciation	-	-	-	-	30,874	25,385
Dues and subscriptions	8,857	2,488	1,240	240	10,326	3,098
Equipment rental	3,798	5,512	-	-	6,483	7,130
In-kind expense	-	-	-	-	15,250	5,000
Insurance	27,012	16,991	-	-	27,012	16,097
Interest expense	7,033	10,468	-	-	7,033	10,584
Marketing	9,813	1,416	3,299	-	147,279	1,726
Meals and entertainment	1,696	205	2,486	303	8,797	2,200
Miscellaneous	1,877	2,482	4,135	-	6,038	4,453
Office supplies	4,798	1,115	167	177	5,027	1,808
Postage and shipping	1,180	1,293	1,071	631	9,601	3,305
Printing	4,239	1,722	393	484	17,366	2,206
Production expenses	10,958	2,045	-	800	846,763	57,038
Professional services	70,855	5,000	-	-	70,855	5,000
Rent	111,994	111,994	-	-	125,194	111,994
Special events	-	66	28,209	19,169	28,209	19,235
Supplies	223	27	164	-	28,462	2,855
Technology	3,974	2,328	-	3,407	4,610	6,814
Total expenses by function	623,861	422,659	43,700	26,919	2,648,335	815,808
Less expense included with revenues on the statement of activities:						
Direct cost of special events	-	(66)	(28,209)	(19,169)	(28,209)	(19,235)
Total expenses included in the expense section on the statement of activities	<u>\$ 623,861</u>	<u>\$ 422,593</u>	<u>\$ 15,491</u>	<u>\$ 7,750</u>	<u>\$ 2,620,126</u>	<u>\$ 796,573</u>

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 583,272	\$ 122,492
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	30,874	25,385
Forgiveness of Paycheck Protection Program loan	(182,108)	-
Changes in:		
Accounts and pledges receivable	252,723	491,393
Grants receivable	(1,435,764)	(4,400)
Prepaid expenses	(17,195)	(2,735)
Accounts payable and accrued expenses	110,818	2,510
Contract liabilities	(14,077)	112,942
Total adjustments	<u>(1,254,729)</u>	<u>625,095</u>
Net cash (used in) provided by operating activities	<u>(671,457)</u>	<u>747,587</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(66,215)</u>	<u>(27,343)</u>
Net cash used in investing activities	<u>(66,215)</u>	<u>(27,343)</u>
Cash Flows from Financing Activities:		
Cash received from issuance of debt	79,195	182,108
Payments on debt	<u>(25,204)</u>	<u>(287,686)</u>
Net cash provided by (used in) financing activities	<u>53,991</u>	<u>(105,578)</u>
Net change in cash	(683,681)	614,666
Cash - beginning of year	<u>813,128</u>	<u>198,462</u>
Cash - end of year	<u>\$ 129,447</u>	<u>\$ 813,128</u>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Interest paid during the year ended June 30, 2022, was \$7,033.  
Interest paid during the year ended June 30, 2021, was \$10,584.

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Nature of Activities**

The terms "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. The Organization was established in February 1985 as a 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 the 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, 2022 AND 2021**

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

**Basis of Presentation (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.

**Revenue**

Contributions 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. All other donor restricted contributions 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. Contract revenue is recognized in accordance with GAAP, when performance obligations are satisfied, as described below.

Contributions are recognized when cash or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome. There were no conditional promises to give as of June 30, 2022 and 2021.

**Performance Obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account used. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our contracts typically have one performance obligation, which is providing a show to the customer or at the moment production equipment is leased. For production equipment contracts, the Organization will allocate transaction prices to the performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract.

The primary method used to estimate standalone selling price is the expected cost plus a margin approach, which forecasts the expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct service.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Grants Receivable**

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which include certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. There were no amounts received prior to incurring qualifying expenditures required to be reported as refundable advances in the statement of financial position.

**Accounts Receivable**

Ticket sales are processed by TPAC through the TPAC ticketing system. TPAC remits the ticket sales proceeds to us throughout the year. The Organization also leases out performance props and costumes to other organizations, and this revenue 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. The Organization does not charge interest on past due accounts.

An allowance for uncollectible accounts receivable has not been recorded based on our estimate that the balance is fully collectible.

**Cash**

The Organization considers all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2022 and 2021, the Organization had no cash equivalents.

**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 using 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.

**Contract Liabilities**

Ticket sales and income for special events received prior to meeting the related performance obligations are reported as contract liabilities on the statements of financial position. Such revenue is recognized and reported on the statements of activities when performance obligations are met.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Income Tax Status**

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

**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 GAAP 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, 2021, financial statements have been reclassified for comparative purposes to conform to the presentation of the June 30, 2022, financial statements.

**New Accounting Pronouncement**

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

**NOTE 2 - Availability and Liquidity**

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following as of June 30,

	<u>2022</u>	<u>2021</u>
Cash	\$ 129,447	\$ 813,128
Accounts receivable	128,764	81,487
Grants receivable	<u>1,454,214</u>	<u>18,450</u>
	<u>\$ 1,712,425</u>	<u>\$ 913,065</u>

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 - Availability and Liquidity (continued)**

In the next fiscal year, the Organization plans to receive the same level of income from donors and from program services, and consider this income from 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.

All cash is considered readily available. The Organization manages 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, the Organization will immediately reduce spending of program and management and general expenditures

**NOTE 3 - Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 72,901	\$ 72,901
Vehicles	3,430	3,430
Production assets and equipment	<u>217,930</u>	<u>151,715</u>
	294,261	228,046
Less: accumulated depreciation	<u>(221,742)</u>	<u>(190,868)</u>
	<u>\$ 72,519</u>	<u>\$ 37,178</u>

Depreciation expense for June 30, 2022 and 2021, totaled \$30,874 and \$25,385, respectively.

**NOTE 4 - Accounts Payable and Accrued Expenses**

At June 30, accounts payable and accrued expenses consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 145,097	\$ 24,830
Accrued payroll	<u>12,183</u>	<u>21,632</u>
	<u>\$ 157,280</u>	<u>\$ 46,462</u>

**NOTE 5 – Paycheck Protection Program Loan**

The Organization applied for and received a second round of funding via the Paycheck Protection Program (“PPP”) under the CARES Act from the United States Small Business Administration (SBA) in the amount of \$182,108 in the prior fiscal year. This funding was forgiven in the current fiscal year and included in Grants on the statement of activities.

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full. Should the SBA conduct such a review and reject all or some of the Organization’s judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the School may be required to adjust previously reported amounts and disclosures in the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 6 - Debt**

Long-term debt at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Note payable to Pinnacle Bank with a maturity of March 2024. Monthly payments of \$2,330 are required, including 5.50% interest. This debt is collateralized by all of the Organization's assets, including equipment, accounts, and letters of credit.	\$ 54,245	\$ 78,445
U.S. Small Business Administration Paycheck Protection Plan under the Coronavirus Aid, Relief, and Economic Security Act Loan.	-	182,108
U.S. Small Business Administration EIDL note payable with a maturity of June 2050. Monthly payments beginning June 2021 of \$641 are required, including 2.75% interest. This debt is collateralized by all of the Organization's assets, including equipment, accounts, and letters of credit.	<u>232,427</u>	<u>154,236</u>
	286,672	414,789
Less: current maturities	<u>(29,931)</u>	<u>(51,165)</u>
Total long-term debt	<u>\$ 256,741</u>	<u>\$ 363,624</u>

The following is a schedule of future maturities:

<u>Year Ended June 30,</u>	
2023	\$ 29,931
2024	31,478
2025	10,306
2026	6,150
2027	6,322
Thereafter	<u>202,485</u>
	<u>\$ 286,672</u>

**NOTE 7 - Net Assets**

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

	<u>2022</u>	<u>2021</u>
Sponsorships for 2021-22 season	\$ -	\$ 25,000
Time restricted pledge	<u>25,000</u>	<u>300,000</u>
	<u>\$ 25,000</u>	<u>\$ 325,000</u>

**NOTE 8 - Lease Agreements**

The Organization leases certain office equipment on a month-to-month basis and our office space under annual agreements. Total rental expense on June 30, 2022 and 2021, under all agreements, totaled \$125,194 and \$111,994 respectively. Our office lease expires June 30, 2023 and we expect to incur \$125,194 of lease expense under our signed agreements for the year ending June 30, 2023 under this agreement.

**NASHVILLE REPERTORY THEATRE, INC.**  
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**NOTE 9 - Concentrations and Contingencies**

The Organization 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, 2022 and 2021, all of our depositor accounts were fully insured.

As of the years ended June 30, 2022 and 2021, 95% and 69% of our total receivables were due from one grantor and two donors, 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, 2022, the Organization would experience significant losses, however, management believes these entities will remain solvent for the foreseeable future.

**NOTE 10 - Retirement Plan**

The Organization sponsors 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). The Organization 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, 2022 and 2021.

**NOTE 11 - Gifts-in-Kind**

Donated food and other goods and services for the fiscal years ended June 30, 2022 and 2021, included in the financial statements, were as follows:

	<u>2022</u>	<u>2021</u>
Travel lodging	\$ 15,250	\$ -
Printing services	<u>-</u>	<u>5,000</u>
	<u>\$ 15,250</u>	<u>\$ 5,000</u>

Items are valued at fair market value based and on what the related items would sale for on the active market. These donations are without any donor restrictions.

**NOTE 12 – Restricted Endowment Funds Held in Trust**

Certain individuals have established a donor-restricted 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. There were no distributions during the years ended June 30, 2022 or 2021. Total assets held in this fund amount to \$20,589 and \$24,671 at June 30, 2022 and 2021, respectively.

In 2015, certain individuals also established a donor-restricted 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, 2022 and 2021, totaled approximately \$58,831 and \$52,200, respectively. Total assets held in this fund at June 30, 2022 and 2021, amount to \$980,281 and \$1,183,020, respectively.

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

During the years ended June 30, 2022 and 2021, the Organization paid \$125,194 and \$111,994 , respectively, in rent expense for office spaces leased from an Advisory Board member's employer.

During the year ended June 30, 2022, the Organization raised funds on behalf of the Community Foundation of Middle Tennessee ("CFMT"), a nonprofit organization, that was still held in cash at June 30, 2022. The Organization has provided CFMT with variance power over these funds to use within the means specified by the endowment supported from this donation. These funds are not required to and are likely not to be paid back to the Organization in the form of contributions from CFMT. The Organization has recorded \$54,100 in accounts payable and properly offsets the revenue recognized from the cash received during the year. No other amounts have been recorded or recognized for this transaction.

**NOTE 14 – Employee Retention Credit (ERC)**

The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The ERC is considered a conditional grant, as the Organization only qualifies for the transfer of assets if it has overcome the barrier of eligibility. For the year ended June 30, 2022, the Organization determined they met the barriers of the ERC and has recorded revenue of \$184,258. As of June 30, 2022, the outstanding receivable balance related to ERC was \$73,508 and was included in accounts receivable on the statement of financial position and subsequently collected. No ERC funding was received for the year ended June 30, 2021.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Organization.

**NOTE 15 - Subsequent Events**

The Organization has evaluated events subsequent to the year ending June 30, 2022. As of January 30, 2023, the date that the financial statements were available to be issued, the Organization is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.