

**2021**  
**Financial Statements**  
**With**  
**Auditor's Letters**

**NASHVILLE REPERTORY THEATRE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

(With Independent Auditor's Report Thereon)

**NASHVILLE REPERTORY THEATRE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Nashville Repertory Theatre, Inc.

We have audited the accompanying financial statements of Nashville Repertory Theatre, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 Nashville Repertory Theatre, Inc. as of June 30, 2021 and 2020, 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.

*Patterson Hardee & Ballentine*

January 19, 2022

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 813,128	\$ 198,462
Accounts receivable	81,487	82,699
Grants receivable	18,450	14,050
Prepaid expenses	8,859	6,124
Total current assets	<u>921,924</u>	<u>301,335</u>
Property and equipment, net	<u>37,178</u>	<u>35,220</u>
Assets whose use is limited:		
Pledge receivables	<u>300,000</u>	<u>790,181</u>
Total assets whose use is limited	<u>300,000</u>	<u>790,181</u>
Total assets	<u><u>\$ 1,259,102</u></u>	<u><u>\$ 1,126,736</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable and accrued expenses	\$ 46,462	\$ 43,813
Deferred ticket sales	70,967	47,529
Deferred revenue	89,365	-
Current portion of long-term debt	51,165	223,108
Total current liabilities	<u>257,959</u>	<u>314,450</u>
Long-term debt	<u>363,624</u>	<u>297,259</u>
Total liabilities	<u>621,583</u>	<u>611,709</u>
Net Assets:		
Without donor restrictions	312,519	(285,154)
With donor restrictions	325,000	800,181
Total net assets	<u>637,519</u>	<u>515,027</u>
Total liabilities and net assets	<u><u>\$ 1,259,102</u></u>	<u><u>\$ 1,126,736</u></u>

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Gross special event revenue	\$ 38,619	\$ -	\$ 38,619	\$ 54,328	\$ -	\$ 54,328
Less direct cost of special events	(19,235)	-	(19,235)	(17,747)	-	(17,747)
Net special events revenue	19,384	-	19,384	36,581	-	36,581
Public support						
Ticket sales	-	-	-	306,202	-	306,202
Contributions	379,798	25,000	404,798	423,971	10,000	433,971
Grants	479,481	-	479,481	177,900	-	177,900
Rental and sales income	8,383	-	8,383	17,807	-	17,807
In-kind donations	5,000	-	5,000	45,164	-	45,164
Other income	2,019	-	2,019	6,048	-	6,048
Net assets released from restrictions	500,181	(500,181)	-	600,000	(600,000)	-
Total public support	1,374,862	(475,181)	899,681	1,577,092	(590,000)	987,092
Total support and revenues	1,394,246	(475,181)	919,065	1,613,673	(590,000)	1,023,673
Expenses:						
Program services:						
Main stage productions	323,713	-	323,713	1,143,093	-	1,143,093
New stages	5,782	-	5,782	25,590	-	25,590
Professional training and education	36,735	-	36,735	20,448	-	20,448
Total program services	366,230	-	366,230	1,189,131	-	1,189,131
Supporting services:						
Management and general	422,593	-	422,593	505,766	-	505,766
Fundraising	7,750	-	7,750	14,021	-	14,021
Total supporting services	430,343	-	430,343	519,787	-	519,787
Total functional expenses	796,573	-	796,573	1,708,918	-	1,708,918
Change in net assets	597,673	(475,181)	122,492	(95,245)	(590,000)	(685,245)
Net assets (deficit) - beginning of year,	(285,154)	800,181	515,027	(189,909)	1,390,181	1,200,272
Net assets (deficit) - end of year	\$ 312,519	\$ 325,000	\$ 637,519	\$ (285,154)	\$ 800,181	\$ 515,027

See accompanying notes to the financial statements.



**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Program Services				Professional training and education				Total program services	
	Main stage productions		New stages		education					
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Salaries and wages	\$ 219,184	\$ 505,995	-	-	\$ 36	\$ 3,177	\$ 219,220	\$ 509,172		
Payroll taxes	16,536	38,404	-	-	-	258	16,536	38,662		
Fringe benefits	23,961	37,843	-	-	168	8,514	24,129	46,357		
Total payroll costs	259,681	582,242	-	-	204	11,949	259,885	594,191		
Bad debt expense	-	-	-	-	-	-	-	-		
Bank fees	25	-	-	-	-	63	25	63		
Communications	1,184	1,014	-	-	-	-	1,184	1,014		
Conferences	510	58	-	11,771	278	1,359	788	13,188		
Contract services	6,698	58,155	-	-	2,085	-	8,783	58,155		
Depreciation	25,385	27,344	-	-	-	-	25,385	27,344		
Dues and subscriptions	270	-	-	-	100	1,080	370	1,080		
Equipment rental	1,493	-	-	-	125	-	1,618	-		
In-kind expense	5,000	45,164	-	-	-	-	5,000	45,164		
Insurance	-	-	-	-	(894)	-	(894)	-		
Interest expense	2	-	-	-	114	-	116	-		
Marketing	203	78,393	-	100	107	-	310	78,493		
Meals and entertainment	1,643	139	-	7,769	49	-	1,692	7,908		
Miscellaneous	1,346	676	-	-	982	627	2,328	1,303		
Office supplies	516	33	-	-	-	-	516	33		
Postage and shipping	1,024	13	-	-	-	-	1,024	13		
Printing	-	175	-	-	-	-	-	175		
Production expenses	15,465	343,260	5,746	5,950	32,982	3,346	54,193	352,556		
Professional services	-	-	-	-	-	-	-	-		
Rent	-	-	-	-	-	-	-	-		
Special events	-	-	-	-	-	-	-	-		
Supplies	2,582	6,034	-	-	246	2,024	2,828	8,058		
Technology	686	393	36	-	357	-	1,079	393		
Total expenses by function	323,713	1,143,093	5,782	25,590	36,735	20,448	366,230	1,189,131		
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	\$ 323,713	\$ 1,143,093	\$ 5,782	\$ 25,590	\$ 36,735	\$ 20,448	\$ 366,230	\$ 1,189,131		

See accompanying notes to the financial statements.

**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Supporting Services				Total	
	Management and general		Fundraising		2021	2020
	2021	2020	2021	2020		
Salaries and wages	207,568	\$ 260,922	\$ -	\$ -	\$ 426,788	\$ 770,094
Payroll taxes	17,736	19,736	-	-	34,272	58,398
Fringe benefits	10,528	12,000	-	-	34,657	58,357
<b>Total payroll costs</b>	<b>235,832</b>	<b>292,658</b>	<b>-</b>	<b>-</b>	<b>495,717</b>	<b>886,849</b>
Bad debt expense	9,850	-	-	-	9,850	-
Bank fees	1,262	8,959	10	-	1,297	9,022
Communications	10,537	10,364	1,014	1,014	12,735	12,392
Conferences	26	1,380	684	-	1,498	14,568
Contract services	-	500	-	-	8,783	58,655
Depreciation	-	-	-	-	25,385	27,344
Dues and subscriptions	2,488	6,136	240	30	3,098	7,246
Equipment rental	5,512	3,115	-	-	7,130	3,115
In-kind expense	-	-	-	-	5,000	45,164
Insurance	16,991	23,673	-	-	16,097	23,673
Interest expense	10,468	15,414	-	-	10,584	15,414
Marketing	1,416	544	-	42	1,726	79,079
Meals and entertainment	205	4,959	303	74	2,200	12,941
Miscellaneous	2,482	541	(357)	5,127	4,453	6,971
Office supplies	1,115	2,817	177	573	1,808	3,423
Postage and shipping	1,293	738	988	2,053	3,305	2,804
Printing	1,722	2,527	484	3,113	2,206	5,815
Production expenses	2,045	4,061	800	-	57,038	356,617
Professional services	5,000	15,000	-	-	5,000	15,000
Rent	111,994	111,142	-	-	111,994	111,142
Special events	66	-	19,169	17,747	19,235	17,747
Supplies	27	-	-	-	2,855	8,058
Technology	2,328	1,238	3,407	1,995	6,814	3,626
<b>Total expenses by function</b>	<b>422,659</b>	<b>505,766</b>	<b>26,919</b>	<b>31,768</b>	<b>815,808</b>	<b>1,726,665</b>
Less expense included with revenues on the statement of activities:						
Direct cost of special events	(66)	-	(19,169)	(17,747)	(19,235)	(17,747)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 422,593</b>	<b>\$ 505,766</b>	<b>\$ 7,750</b>	<b>\$ 14,021</b>	<b>\$ 796,573</b>	<b>\$ 1,708,918</b>

See accompanying notes to the financial statements.



**NASHVILLE REPERTORY THEATRE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 122,492	\$ (685,245)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	25,385	27,344
Changes in:		
Accounts and pledges receivable	491,393	594,370
Grants receivable	(4,400)	3,950
Prepaid expenses	(2,735)	9,004
Accounts payable and accrued expenses	2,510	(62,959)
Deferred ticket sales	23,577	(27,335)
Deferred revenue	89,365	(25,000)
Total adjustments	625,095	519,374
Net cash provided by (used in) operating activities	747,587	(165,871)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(27,343)	(24,154)
Net cash used in investing activities	(27,343)	(24,154)
Cash Flows from Financing Activities:		
Cash received from issuance of debt	182,108	796,433
Payments on debt	(287,686)	(434,538)
Net cash provided by (used in) financing activities	(105,578)	361,895
Net change in cash	614,666	171,870
Cash - beginning of year	198,462	26,592
Cash - end of year	\$ 813,128	\$ 198,462

**SUPPLEMENTAL CASH FLOW INFORMATION:**

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

Interest paid during the year ended June 30, 2020, was \$15,414.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Nature of Activities**

The terms “we”, “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. We were established in February 1985. We are the 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 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, 2021 AND 2020**

NOTE 1 - Summary of Significant Accounting Policies (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.

Contributions, Support and Revenue

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted support is reported as an increase in net assets with donor restrictions; however, contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities and changes in net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position. All cost-reimbursable grants have been received at June 30, 2021.

The Organization recognizes revenue from program services when the performance obligations, detailed in the contracts with the customers, are fulfilled. Our service contracts consist of ticket sales, production asset sales, and production asset rentals. Revenue from ticket sales is recognized at the time of admission. Revenue from production asset sales is recognized at the time of the sale. Revenue from production asset leases is recognized as the items are leased.

We report any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2021 and 2020, we had no cash equivalents.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. All promises to give at June 30, 2021 and 2020, were expected to be received within one year.

An allowance for uncollectible contributions has not been provided based on our estimate that the balance is fully collectible.

Accounts Receivable

Ticket sales are processed by TPAC through the TPAC ticketing system. TPAC remits the ticket sales proceeds to us throughout the year. We also lease our performance props and costumes to other organizations, which 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. We do not charge interest on any past due accounts.

We use the allowance method in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2021 and 2020, an allowance of \$0 was assessed.

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 by 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.

Donated goods, which amounted to \$5,000 in 2021 and \$45,164 in 2020, respectively, are recorded at their estimated fair value at the date of donation, and have been included in the appropriate categories of revenue, expenses, and fixed assets.



**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Accrued Vacation

All full-time staff employees are eligible to accrue vacation time. For the employees who have been with us one to two years, one day per month can be accrued up to a maximum of twelve days. For the employees who have been with us for three to four years, fifteen days can be accrued in total. For the employees who have been with us for five or more years, twenty-one days are available to be accrued. These accrued days are accounted for at the average daily rate per employee, based on a 260-day work calendar.

Advance Ticket Sales

Ticket sales made prior to the fiscal year to which they apply are reported as advance ticket sales on the Statements of Financial Position. Such revenue is recognized and reported on the Statements of Activities in the year the productions are performed.

Production Expenses

Production assets, including props and costumes, are included on the Statement of Financial Position if we believe they can be repurposed for future productions. The net book value of these assets is included in property, plant, and equipment, net on the Statement of Financial Position. We may lease our old costumes and props to other organizations as well as use them for future performances. Revenue from rental activities is recognized in the period it is earned on the Statements of Activities. When we no longer have space to store them, the props or costumes are disposed of or sold in a yard sale. Revenue from such sales is recognized at that time on the Statements of Activities.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are 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. We do 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 and they are all Level 1 in the fair value hierarchy. The fair value of the line of credit approximates the carrying amount and is estimated based on the current rates offered to us.

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 accounting principles generally accepted in the United States of America 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, 2020, financial statements have been reclassified for comparative purposes to conform to the presentation of the June 30, 2021, financial statements.



**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) issued an Accounting Standard Update that will affect the Company's revenue recognition. Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. We have adopted this standard retrospectively during 2021. The adoption of this standard had no effect on beginning Net Assets on our statement operations and Net Assets for the year ended June 30, 2021.

**NOTE 2 - Availability and Liquidity**

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

Financial assets for the year ended

Cash	\$ 813,128
Accounts receivable	81,487
Grants receivable	18,450
	<u>913,065</u>

In the next fiscal year, we plan to receive the same level of income from our donors and our program services, and consider this income for 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. We manage our 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, we will immediately reduce spending of program and management and general expenditures

**NOTE 3 - Accounts Receivable**

We were due the following amounts at June 30,

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 10,520	\$ 35,170
Advanced ticket sales receivable	70,967	47,529
Pledge receivable, net	300,000	790,181
	<u>381,487</u>	<u>872,880</u>
Less: restricted receivables	(300,000)	(790,181)
Less: allowance for bad debts	-	-
	<u>\$ 81,487</u>	<u>\$ 82,699</u>

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 - Pledge Receivables**

Due in less than one year \$ 300,000

Pledge receivable as shown on the Statement of Financial Position as follows at June 30,

	<u>2021</u>	<u>2020</u>
Pledge receivables	\$ 300,000	\$ 790,181

Gross pledge receivable originally due in one or more years of \$900,000 pledged in 2019 has been discounted for the time value of money using a discount rate of 6.80%. The rate was determined using the interest method. The net pledge at June 30, 2021 and 2020, was \$300,000 and \$790,181, respectively.

**NOTE 5 - Property and Equipment**

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

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 72,901	\$ 62,812
Vehicles	3,430	6,000
Production assets and equipment	<u>151,715</u>	<u>131,891</u>
	228,046	200,703
Less: accumulated depreciation	<u>(190,868)</u>	<u>(165,483)</u>
	<u>\$ 37,178</u>	<u>\$ 35,220</u>

Depreciation expense for June 30, 2021 and 2020, totaled \$25,385 and \$27,344, respectively.

**NOTE 6 - Accounts Payable and Accrued Expenses**

Expenses were accrued for the following at June 30,

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 31,297	\$ 32,933
Current portion of debt	51,165	223,108
Accrued payroll	<u>21,632</u>	<u>10,456</u>
	<u>\$ 97,064</u>	<u>\$ 266,497</u>

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7 - Debt**

Long-term debt at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Line of credit payable to Pinnacle Bank with a maturity of March 2021 and 3.75% interest rate. This debt is collateralized by all of the Organization's assets, including equipment, accounts, and letters of credit.	\$ -	\$ 94,325
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.	78,445	93,934
U.S. Small Business Administration Paycheck Protection Plan under the Coronavirus Aid, Relief, and Economic Security Act Loan.	182,108	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>154,236</u>	<u>150,000</u>
	414,789	520,367
Less: current maturities	<u>(51,165)</u>	<u>(223,108)</u>
Total long-term debt	<u>\$ 363,624</u>	<u>\$ 297,259</u>

The following is a schedule of future maturities:

<u>Year Ended June 30,</u>	
2022	\$ 51,165
2023	72,208
2024	75,609
2025	47,630
2026	29,769
Thereafter	138,409
	<u>\$ 414,789</u>

**NOTE 8 - Net Assets**

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

	<u>2021</u>	<u>2020</u>
Cash for 2021 operating assistance	\$ -	\$ 10,000
Sponsorship for 2021-2022 season	<u>25,000</u>	<u>-</u>
Time restricted pledge	<u>300,000</u>	<u>790,181</u>
	<u>\$ 325,000</u>	<u>\$ 800,181</u>

**NOTE 9 - Lease Agreements**

We are currently making rental payments on a month-to-month basis, as we do not have a renewed lease agreement for June 30, 2022. We also lease certain office equipment. Total rental expense on June 30, 2021 and 2020, under all agreements, totaled \$111,994 and \$111,142 respectively.



**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 - Concentrations and Contingencies**

We 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, 2021 and 2020, all of our depositor accounts were fully insured.

As of the years ended June 30, 2021 and 2020, 69% and 59% of our total receivables were due from one donor and one grantor. 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, 2021, we would experience significant losses, however, management believes these entities will remain solvent for the foreseeable future. For the years ended June 30, 2021 and 2020, combined contributions from three sources and one source were approximately 69% and 24%, respectively, of total contribution revenues.

As of January 19, 2022, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of our operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results due to families not wanting services due to the uncertainty of the virus; however, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE 11 - Retirement Plan**

We sponsor 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). We 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, 2021 and 2020.

**NOTE 12 - Donor-Designated Endowment Funds Held in Trust**

Certain individuals have established a donor-designated 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. Such distributions totaled approximately \$0 and \$0 during the years ended June 30, 2021 and 2020, respectively. Total assets held in this fund amount to approximately, \$24,671 and \$21,243 at June 30, 2021 and 2020, respectively.

In 2015, certain individuals also established a donor-designated 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, 2021 and 2020, totaled approximately \$52,200 and \$52,400, respectively. Total assets held in this fund at June 30, 2021 and 2020, amount to approximately \$1,183,020 and \$1,012,651, respectively.

**NOTE 13 - Related Party Transactions**

During the years ended June 30, 2021 and 2020, we paid \$111,994 and \$111,142, respectively, in rent expense for office spaces leased from an Advisory Board member's employer.

**NOTE 14 - New Pronouncements**

In February 2017, FASB issued Accounting Standards Update 2017-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2021, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

**NASHVILLE REPERTORY THEATRE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 - Subsequent Events**

We have evaluated events subsequent to the years ending June 30, 2021 and 2020, as of January 19, 2022, the date that the financial statements were available to be issued, we are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.