

THE NASHVILLE SHAKESPEARE FESTIVAL

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

(With Independent Auditor's Report Thereon)

THE NASHVILLE SHAKESPEARE FESTIVAL
FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Nashville Shakespeare Festival

We have audited the accompanying statements of financial position of The Nashville Shakespeare Festival (a nonprofit organization) as of September 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nashville Shakespeare Festival as of September 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

May 3, 2007

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2006

ASSETS

Current Assets:

Cash	\$ 30,546	
Certificate of deposit	110	
Grants receivable	55,520	
Accounts receivable	2,666	
Prepaid insurance	<u>1,574</u>	
Total current assets		\$ 90,416

Assets Whose Use is Limited:

Actors' Federal Credit Union certificate of deposit	10,365	
Actors' Equity Association deposit	<u>11,704</u>	
Total assets whose use is limited		22,069

Property and Equipment, net

2,256

\$ 114,741

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	<u>\$ 9,942</u>
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Net Assets:

Unrestricted	\$ 82,730	
Temporarily restricted	<u>22,069</u>	
		<u>104,799</u>
		<u>\$ 114,741</u>

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 139,123	\$ -	\$ -	\$ 139,123
Revenues:				
Grants	39,778	-	-	39,778
Program fees and tickets	68,345	-	-	68,345
Concessions	9,568	-	-	9,568
Advertising	6,305	-	-	6,305
In-kind donations	65,994	-	-	65,994
Investment and interest income	1,103	-	-	1,103
Net assets released from restrictions	9,800	(9,800)	-	-
Total revenues	200,893	(9,800)	-	191,093
Total public support and revenues	340,016	(9,800)	-	330,216
Expenses and Losses:				
Program services:				
Theater	241,062	-	-	241,062
Total program services	241,062	-	-	241,062
Supporting Services:				
Management and general	55,633	-	-	55,633
Fundraising	30,619	-	-	30,619
Total supporting services	86,252	-	-	86,252
Total program and supporting expenses	327,314	-	-	327,314
Increase (decrease) in net assets	12,702	(9,800)	-	2,902
Net assets - beginning of year	92,097	9,800	-	101,897
Transfer of net assets	(22,069)	22,069	-	-
Net assets - end of year	\$ 82,730	\$ 22,069	\$ -	\$ 104,799

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Program Services	Supporting Services		Total
	<u>Theater</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Expenses</u>
Salaries and wages	\$ 71,828	\$ 19,108	\$ 26,375	\$ 117,311
Employee benefits and payroll taxes	4,587	1,219	1,685	7,491
Bank charges	-	430	-	430
Concessions	3,553	-	-	3,553
Dues	-	3,112	-	3,112
In-kind expenses	65,994	-	-	65,994
Insurance	-	9,511	-	9,511
Marketing and publications	-	-	2,559	2,559
Miscellaneous	-	790	-	790
Production costs	91,520	-	-	91,520
Postage	-	1,562	-	1,562
Printing	-	4,734	-	4,734
Professional services	-	3,859	-	3,859
Rent - office	3,000	-	-	3,000
Supplies - office	-	1,315	-	1,315
Storage	-	2,115	-	2,115
Travel	580	4,598	-	5,178
Telephone	-	1,658	-	1,658
Utilities	-	158	-	158
	<u>241,062</u>	<u>54,169</u>	<u>30,619</u>	<u>325,850</u>
Depreciation	<u>-</u>	<u>1,464</u>	<u>-</u>	<u>1,464</u>
Total program and supporting services	<u>\$ 241,062</u>	<u>\$ 55,633</u>	<u>\$ 30,619</u>	<u>\$ 327,314</u>

THE NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Cash Flows From Operating Activities:

Increase in net assets	\$	2,902
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Adjustments to reconcile increase in net assets
to net cash used in operating activities:

Depreciation	\$	1,464
Changes in:		
Accounts receivable		(938)
Prepaid expenses		(182)
Grants receivable		(7,988)
Cash whose use is limited		(12,269)
Accrued expenses		<u>3,647</u>
Total adjustments		<u>(16,266)</u>
Net cash used in operating activities		(13,364)

Cash Flows From Investing Activities:

Purchase of property and equipment	(1,299)	
Certificate of deposit		<u>100</u>
Net cash used in investing activities		<u>(1,199)</u>

Net decrease in cash		(14,563)
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Cash - beginning of year		<u>45,109</u>
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Cash - end of year	\$	<u><u>30,546</u></u>
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THE NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE 1 - Summary of Significant Accounting Policies

a. Nature of Activities

The Nashville Shakespeare Festival is a nonprofit organization, organized on September 12, 1988, which produces a variety of theatrical productions for the benefit of the general public and students of Middle Tennessee schools. The major sources of funding for the Organization are grants and contributions from local and state governments, private foundations, corporations and individuals in the Middle Tennessee area.

b. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

c. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted cash, certificates of deposit and investment instruments purchased with original maturities of three months or less to be cash equivalents. At September 30, 2006, there were no cash equivalents.

d. Grants Receivable and Revenues

The Organization receives several grants from the State of Tennessee and from the Metropolitan Government of Nashville and Davidson County, Tennessee. Most of these grants require the submission of reimbursement requests before funds are disbursed. Grant revenue is recognized as these expenses are incurred. At September 30, 2006, the Organization was due \$55,520 from the National Endowment of the Arts, State of Tennessee and the Metropolitan Government of Nashville and Davidson County, Tennessee.

e. Accounts Receivable

Receivables for advertising and reimbursement of expenses are recognized when the services are provided. Uncollectible accounts are written off in the period in which they are determined to be uncollectible and are charged to bad debts. For the year ended September 30, 2006, management believes that all accounts receivable are fully collectible; therefore, no allowance has been recorded. At September 30, 2006, the Organization had accounts receivable of \$2,666.

THE NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE 1 - Summary of Significant Accounting Policies (continued)

f. Inventory

The Organization does not maintain inventory. On occasion, there are items that are used in more than one production, but are not considered significant to the overall financial statements taken as a whole and are expensed as production cost as the items are purchased.

g. Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize purchases of fixed assets with a value of \$500 or more.

h. Income Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

i. Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. Use of Estimates

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

k. Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

l. Advertising

Advertising is expensed as incurred.

NOTE 2 - Assets Whose Use is Limited

The actors' union requires cash to be restricted for the actors' pay while a play is running. After the program is over and the actors are paid, the cash is released from restriction. At September 30, 2006 a play was still running and the amount of \$22,069 was restricted for the actors' pay. The amount was released from restriction in October and December 2006.

THE NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE 3 - Property and Equipment

Property and equipment at September 30, 2006, consists of the following:

Office equipment	\$ 17,006
Less: accumulated depreciation	(<u>14,750</u>)
	<u>\$ 2,256</u>

NOTE 4 - Leases

The Organization's lease of office space expired in 2005, but they have continued to lease the office space on a month-to-month basis as set forth in the lease agreement.