

# 2012

## Financial Statements

**THE NASHVILLE SHAKESPEARE FESTIVAL**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

(With Independent Auditor's Report Thereon)

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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**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 statement of financial position of The Nashville Shakespeare Festival (a nonprofit organization) as of September 30, 2012, 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, 2012, 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.

*Patterson Hardee & Ballentine*

November 13, 2012

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2012**

ASSETS

Current Assets:			
Cash	\$	15,612	
Grants and pledges receivable		48,579	
Total current assets			\$ 64,191
Assets Whose Use is Limited:			
Cash		11,597	
Certificate of deposit		8,061	
Total assets whose use is limited			19,658
Equipment:			
Equipment		25,319	
Less: accumulated depreciation		(9,534)	
Total equipment (net)			15,785
			<u>\$ 99,634</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts payable	\$	724	
Line of credit		24,000	
Total current liabilities			\$ 24,724
Net Assets:			
Unrestricted		55,252	
Temporarily restricted		19,658	
Total net assets			74,910
			<u>\$ 99,634</u>

See accompanying notes to financial statements.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Public support:				
Contributions	<u>\$ 193,231</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 203,231</u>
Total public support	<u>193,231</u>	<u>10,000</u>	<u>-</u>	<u>203,231</u>
Revenue:				
Grants	115,811	-	-	115,811
Program fees and tickets	81,120	-	-	81,120
In-kind donations	397,188	-	-	397,188
Investment and interest income	45	-	-	45
Other income	185	-	-	185
Net assets released from restrictions	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>595,849</u>	<u>(1,500)</u>	<u>-</u>	<u>594,349</u>
Total public support and revenue	<u>789,080</u>	<u>8,500</u>	<u>-</u>	<u>797,580</u>
Expenses:				
Program services				
Education	43,442	-	-	43,442
Winter	163,851	-	-	163,851
Shakespeare in the Park	<u>456,869</u>	<u>-</u>	<u>-</u>	<u>456,869</u>
Total program services	<u>664,162</u>	<u>-</u>	<u>-</u>	<u>664,162</u>
Supporting services				
Management and general	67,828	-	-	67,828
Fundraising	<u>49,759</u>	<u>-</u>	<u>-</u>	<u>49,759</u>
Total supporting services	<u>117,587</u>	<u>-</u>	<u>-</u>	<u>117,587</u>
Total expenses	<u>781,749</u>	<u>-</u>	<u>-</u>	<u>781,749</u>
Increase (decrease) in net assets	<u>7,331</u>	<u>8,500</u>	<u>-</u>	<u>15,831</u>
Net assets - beginning of year	<u>49,562</u>	<u>9,517</u>	<u>-</u>	<u>59,079</u>
Transfer of net assets	<u>(1,641)</u>	<u>1,641</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ 55,252</u>	<u>\$ 19,658</u>	<u>\$ -</u>	<u>\$ 74,910</u>

See accompanying notes to financial statements.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER, 30, 2012**

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Education</u>	<u>Winter</u>	<u>Shakespeare in the Park</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 21,474	\$ 76,675	\$ 99,419	\$ 197,568	\$ 27,337	\$ 30,622	\$ 255,527
Employee benefits and payroll taxes	3,010	10,747	13,934	27,691	3,831	4,292	35,814
Bank charges and ticket fees	121	3,221	-	3,342	1,516	-	4,858
In-kind expenses	17,500	60,142	311,496	389,138	6,613	1,437	397,188
General liability and workers' compensation	553	1,976	2,563	5,092	1,074	-	6,166
Health insurance	-	-	-	-	12,600	-	12,600
Marketing and publications	-	1,569	670	2,239	-	-	2,239
Merchandising and promotional items	-	801	6,346	7,147	-	-	7,147
Miscellaneous	-	-	-	-	321	-	321
Production costs	-	7,416	17,305	24,721	-	11,177	35,898
Postage	-	138	-	138	1,500	-	1,638
Professional services	-	-	3,250	3,250	-	-	3,250
Rent	784	784	1,784	3,352	1,764	1,764	6,880
Office supplies and expenses	-	382	102	484	9,383	467	10,334
Total expenses before depreciation	43,442	163,851	456,869	664,162	65,939	49,759	779,860
Depreciation	-	-	-	-	1,889	-	1,889
Total program and supporting services	<u>\$ 43,442</u>	<u>\$ 163,851</u>	<u>\$ 456,869</u>	<u>\$ 664,162</u>	<u>\$ 67,828</u>	<u>\$ 49,759</u>	<u>\$ 781,749</u>

See accompanying notes to financial statements.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Cash Flows From Operating Activities:		
Increase in net assets		\$ 15,831
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 1,889	
Changes in:		
Accounts receivable	9,934	
Cash whose use is limited	(10,141)	
Accounts payable	(7,973)	
Total adjustments		(6,291)
Net cash provided by operating activities		9,540
Cash Flow From Investing Activities:		
Purchase of equipment	(14,935)	
Net cash used in investing activities		(14,935)
Cash Flows From Financing Activities:		
Net change in line of credit	(200)	
Net cash used in financing activities		(200)
Net decrease in cash		(5,595)
Cash - beginning of year		21,207
Cash - end of year		<u>\$ 15,612</u>

**SUPPLEMENTAL INFORMATION**

Total interest paid for the year ending September 30, 2012 was \$281.



**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

a. **Nature of Activities**

The terms "we", "us", or "our" are used throughout these notes to the financial statements to identify The Nashville Shakespeare Festival, a nonprofit organization, organized on September 12, 1988, which produces 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, 2012, there were no cash equivalents.

At September 30, 2012, we have one certificate of deposit, which expires on December 2, 2012, which earns interest at .55% 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, 2012, we were due a total of \$44,989 from the Metro Nashville Arts Commission, and the Tennessee Arts Commission, which is included in grants and pledges 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, 2012, we believe all pledges receivable are fully collectible; therefore, no allowance has been recorded. At September 30, 2012, we have pledges receivable of \$3,590, which is included in grants and pledges receivable.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

f. **Inventory**

We do not maintain inventory. On occasion, there are items which 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 our policy to capitalize purchases of fixed assets with a value of \$500 or more.

h. **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.

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 us to make estimates and assumptions, which 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.

**NOTE 2 - Assets Whose Use is Limited**

Donations totaling \$10,000 were received by us for our winter play, and those assets have been classified as "assets whose use is limited" until we incur expenses directly relating to that production. The certificate of deposit and a portion of our savings, which totals \$9,658, is required to be restricted for the actors' pay while a play is running. After the play is concluded and we have requested the certificate of deposit and cash to be released, it is released from restriction.

**NOTE 3 - 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, 2012), and at September 30, 2012, we have used \$24,000 of the available \$50,000.

**THE NASHVILLE SHAKESPEARE FESTIVAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 4 - Leases**

We lease office space from Nashville Public Television under a lease agreement, which expires on December 31, 2012. We may also lease additional space for 3 weeks each year for rehearsal space at \$500 per week. Future minimum lease payments for the year ending September 30, 2013, will be \$2,165. We also rent equipment as needed on a month-to-month basis. Total rent expense for the year ending September 30, 2012, was \$11,119.

**NOTE 5 - Insurance**

We finance insurance premiums through Bank Direct Capital Finance at an annual rate of 9.3%. We made a down payment of \$2,295, and the outstanding premium of \$4,531 is payable in seven consecutive payments during the next fiscal year.

**NOTE 6 - Concentrations**

At September 30, 2012, 86% of our total receivables were due from one grantor.

**NOTE 7 - In-kind Contributions**

We are the recipient of various in-kind gifts and donations. All gifts in-kind 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 \$397,188.

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 8 - Subsequent Events**

We have evaluated events subsequent to the year ending September 30, 2012. As of November 13, 2012, 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, 2012.

