

NASHVILLE SHAKESPEARE FESTIVAL

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2023

NASHVILLE SHAKESPEARE FESTIVAL

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nashville Shakespeare Festival

Opinion

We have audited the accompanying financial statements of Nashville Shakespeare Festival (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 the Nashville Shakespeare Festival as of September 30, 2023, 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 the Nashville Shakespeare Festival 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.

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 the Nashville Shakespeare Festival'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 the Nashville Shakespeare Festival'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 the Nashville Shakespeare Festival'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 logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, simpler font.

Nashville, Tennessee
January 8, 2024

NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FINANCIAL POSITION
September 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 132,843
Grants receivable	126,330
Short-term investments	200,000
Prepaid expenses and other current assets	<u>15,611</u>
Total current assets	<u>474,784</u>

EQUIPMENT

Equipment	52,911
Less: accumulated depreciation	<u>(46,688)</u>
Total equipment, net	<u>6,223</u>

Total Assets	<u>\$ 481,007</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>39,010</u>
Total current liabilities	<u>39,010</u>

NET ASSETS

Without donor restrictions	
Undesignated	430,109
Board designated	<u>11,888</u>
Total without donor restrictions	441,997

With donor restrictions	<u>-</u>
Total net assets	<u>441,997</u>

Total Liabilities and Net Assets	<u>\$ 481,007</u>
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See notes to financial statements.

NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Public support:			
Contributions			
Individual	\$ 200,831	\$ -	\$ 200,831
Corporate	64,159	-	64,159
Foundation	126,246	-	126,246
Grants			
Local	58,800	-	58,800
State	181,880	-	181,880
Federal	25,000	-	25,000
Contributed nonfinancial assets	156,478	-	156,478
Total public support	<u>813,394</u>	<u>-</u>	<u>813,394</u>
Revenues:			
Program fees and tickets	55,388	-	55,388
Merchandise & concession	25,667	-	25,667
Other income	4,756	-	4,756
Total revenues	<u>85,811</u>	<u>-</u>	<u>85,811</u>
Total public support and revenues	<u>899,205</u>	<u>-</u>	<u>899,205</u>
EXPENSES			
Program services			
Workshops and Education	141,624	-	141,624
Winter Shakespeare	26,323	-	26,323
Summer Shakespeare	289,517	-	289,517
Other	232,402	-	232,402
Total program services:	<u>689,866</u>	<u>-</u>	<u>689,866</u>
Supporting Services			
Management and general	116,424	-	116,424
Fundraising	93,582	-	93,582
Total supporting services	<u>210,006</u>	<u>-</u>	<u>210,006</u>
Total expenses	<u>899,872</u>	<u>-</u>	<u>899,872</u>
CHANGE IN NET ASSETS	(667)	-	(667)
NET ASSETS - Beginning of year	<u>442,664</u>	<u>-</u>	<u>442,664</u>
NET ASSETS - End of year	<u>\$ 441,997</u>	<u>\$ -</u>	<u>\$ 441,997</u>

See notes to financial statements.

NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2023

	Workshops and Education	Winter Shakespeare	Summer Shakespeare	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	\$ 87,723	\$ 6,300	\$ 93,528	\$ 157,022	\$ 344,573	\$ 43,544	\$ 73,397	\$ 116,941	\$ 461,514
Employee benefits and payroll taxes	7,577	513	18,976	14,067	41,133	7,066	6,294	13,360	54,493
Bank charges and ticket fees	118	1,450	2,570	22	4,160	167	1,214	1,381	5,541
Dues, subscriptions and fees	-	1,343	980	595	2,918	20	1,381	1,401	4,319
In-kind expenses	19,200	1,822	73,850	37,500	132,372	23,998	108	24,106	156,478
General liability and workers' compensation	5,531	4,182	1,442	1,015	12,170	1,116	328	1,444	13,614
Marketing and publications	1,750	3,351	14,634	1,314	21,049	3,308	6,496	9,804	30,853
Meals and entertainment	41	-	573	-	614	204	970	1,174	1,788
Merchandising and promotional items	-	40	12,330	30	12,400	-	-	-	12,400
Miscellaneous	1,850	-	246	176	2,272	131	57	188	2,460
Productions contractors	2,200	2,825	28,776	875	34,676	-	250	250	34,926
Production costs	13,791	4,492	41,380	529	60,192	31	-	31	60,223
Postage	-	5	4	29	38	11	832	843	881
Professional services	-	-	-	13,793	13,793	27,115	-	27,115	40,908
Rent	1,778	-	-	4,486	6,264	2,400	1,627	4,027	10,291
Office supplies and expenses	25	-	33	28	86	1,557	169	1,726	1,812
IT expenses	40	-	195	921	1,156	883	459	1,342	2,498
Total expenses before depreciation	141,624	26,323	289,517	232,402	689,866	111,551	93,582	205,133	894,999
Depreciation	-	-	-	-	-	4,873	-	4,873	4,873
Total Expenses	<u>\$ 141,624</u>	<u>\$ 26,323</u>	<u>\$ 289,517</u>	<u>\$ 232,402</u>	<u>\$ 689,866</u>	<u>\$ 116,424</u>	<u>\$ 93,582</u>	<u>\$ 210,006</u>	<u>\$ 899,872</u>

NASHVILLE SHAKESPEARE FESTIVAL
STATEMENT OF CASH FLOWS
Year Ended September 30, 2023

OPERATING ACTIVITIES

Change in net assets	\$ (667)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	4,873
Changes in:	
Grants receivable	57,407
Prepaid expenses and other current assets	297
Accounts payable and accrued expenses	<u>19,491</u>
Net cash provided by operating activities	<u>81,401</u>

INVESTING ACTIVITIES

Purchases of investments	(200,000)
Purchases of equipment	<u>(5,047)</u>
Net cash used in investing activities	<u>(205,047)</u>

NET CHANGE IN CASH

(123,646)

CASH, Beginning

256,489

CASH, Ending

\$ 132,843

See notes to financial statements.

NASHVILLE SHAKESPEARE FESTIVAL

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Program Descriptions

Nashville Shakespeare Festival (the Festival or the Organization), a nonprofit organization, was incorporated on September 12, 1988. The Nashville Shakespeare Festival's mission is to educate and entertain the Mid-South community through professional theatrical experiences. The Festival accomplishes its mission through unifying and enriching the community with bold, innovative and relevant productions along with empowering, participatory educational programs, setting the community standard of excellence in educational outreach and performances of Shakespeare's plays.

The Festival's signature programs are Summer Shakespeare and Winter Shakespeare. Summer Shakespeare is an annual free, outdoor, family-friendly event typically attended by 10,000 people per year. Winter Shakespeare is an annual production in residence at Belmont University typically attended by 6,000 people per year, half of them school groups, many of which also receive in-school outreach services. Winter Shakespeare was canceled in 2021 and 2022 due to the COVID19 pandemic and replaced with an educational school tour. In 2023, Winter Shakespeare returned in a scaled-down form as a co-production with Belmont University, with attendance of over 2,500. The Festival also continued the educational school tour, which began in 2022 and served over 3,000 people.

The Festival produces a variety of outreach opportunities for schools, institutions, and the general public including workshops, artists in residence, and traveling performances. 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Festival's 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 net assets without donor restrictions.

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, where by the donor has stipulated the funds be maintained in perpetuity.

Cash

Cash consists of reconciled checking and savings account balances. The Festival's cash deposits in financial institutions are insured by FDIC insurance which is subject to certain limitations and conditions. All unrestricted cash and investment instruments with original maturities of three months or less are considered cash and cash equivalents. At September 30, 2023, the Organization had no cash equivalents.

NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

The Festival reports grants receivable at the amount which represents management's estimate of the amount that ultimately will be realized. The Festival reviews the adequacy of its allowance for uncollectible accounts on an ongoing basis, using historical payment trends, as well as review of specific accounts, and makes adjustments in the allowance as necessary. Management determined that no allowance for doubtful accounts was necessary at September 30, 2023.

Prepaid expenses

Prepaid expenses consist of insurance premiums and deposits paid by the Festival in advance.

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, which is estimated to be 3 or 5 years for equipment. Expenditures for props, costumes, and repairs and maintenance are charged to expense as incurred. It is the Festival's policy to capitalize purchases of fixed assets with a value of \$500 or more and have a useful life greater than one year.

The Festival retains the title to all long-lived assets. None of the long-lived assets were purchased with restrictions, have been pledged as collateral, or are subject to legal limitations on use or disposal.

Public Support

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Festival reports gifts of cash, grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Donor restricted contributions and grants are recorded in the net asset with donor restrictions class expiring during the fiscal year, and then transferred to net assets without donor restrictions.

A portion of our 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 Festival has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as contract liabilities in the statement of financial position. There were no contract liabilities as of September 30, 2023. All cost-reimbursable grants have been received at September 30, 2023.

A number of volunteers contributed services to the Festival. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under U.S. GAAP had not been satisfied.

NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition from Contracts with Customers

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 in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Festival recognizes revenue from program services when the performance obligations, detailed in the contracts with customers, are fulfilled. Service contracts consist of ticket, merchandise, and concession sales. Revenue from ticket sales is recognized at the time of admission. Revenue from concessions and merchandise sales is recognized at the time of the sale. In determining when and how revenue is recognized, we perform the following five step analysis: (1) identification of contract with participant or sponsor, (2) determination of performance obligations, (3) measurement of the transaction price, (4) allocation of the transaction price to the performance obligations, and (5) recognition of revenue when or as we satisfy each performance obligation.

Contributed Nonfinancial Assets

The Festival periodically receives donations of services, when donated services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of the donation is recorded as contribution support in the period received. The following donations are reflected as contributed nonfinancial assets with no associated donor restrictions in the accompanying statement of activities:

	Valuation Techniques and Inputs	2023
Advertising	Contributed advertising is valued at estimated fair value based on current rates for advertising in similar publishing	\$ 52,460
Rentals	The Festival estimated the fair value on the basis of current rates for occupancy and equipment rentals.	79,912
Professional services and other	Contributed services from attorneys are valued at estimated fair value based on current rates for similar legal services.	24,106
		<u>\$ 156,478</u>

NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed nonfinancial assets and their use in programs and other activities are as follows:

	Year Ended September 30, 2023			
	Program Services	General & Administrative	Fundraising	Total
Advertising	\$ 52,460	\$ -	\$ -	\$ 52,460
Rentals	79,912			79,912
Professional services and other		23,998	108	24,106
	<u>\$ 132,372</u>	<u>\$ 23,998</u>	<u>\$ 108</u>	<u>\$ 156,478</u>

Advertising

Advertising is expensed as incurred. Total advertising expense for the year ended September 30, 2023, was \$30,853.

Income Tax Status

The Festival is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and 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. The Festival does not believe there are any uncertain tax positions or any unrelated business income, which would be subject to federal taxes.

Functional Allocation of Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of employee time spent and space utilized for the related activities. Operating costs other than personnel and occupancy costs are allocated based on an invoice by invoice basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Organization maintains cash and cash equivalents accounts at financial institutions with strong credit ratings. Cash and certificates of deposit balances are insured by the FDIC up to \$250,000. The Organization may at times have deposits with financial institutions in excess of insured amounts. Management is aware that a risk of exposure exists for deposits in excess of the insured levels. Management considers this a normal business risk.

NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Organization adopted the leasing standards effective October 1, 2022, using the modified retrospective approach with October 1, 2022, as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. Additionally, the Organization elected a short-term lease exception policy, which allows entities to not apply the new standard to short-term leases (i.e. leases with terms of 12 months or less). As of October 1, 2022, adoption of Topic 842 did not result in any material adjustments to statement of financial position accounts related to lessor accounting.

Subsequent Events

The Association has performed a review of events subsequent to the statement of financial position date through January 8, 2024, the date the financial statements were available to be issued.

NOTE 2 — LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor restrictions or other restrictions limiting their use within one year of the statement of financial position comprise the following at September 30, 2023:

Cash	\$ 132,843
Grants receivable	126,330
Short-term investments	200,000
Financial assets available within one year	<u>\$ 459,173</u>

NASHVILLE SHAKESPEARE FESTIVAL

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE 2 — LIQUIDITY AND AVAILABILITY (Continued)

The Festival has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. The Festival also has an open line of credit to draw on for any immediate cash needs and is described in (NOTE 4).

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 supporting services expenditures.

NOTE 3 — SHORT-TERM INVESTMENTS

As of September 30, 2023, the Festival had two certificates of deposit (\$100,000 each) issued on March 24, 2023, and September 18, 2023, maturing February 21, 2024 and August 18, 2024, respectively. The certificates of deposit bear interest at a fixed interest rate of 3.75% and 4.50%, respectively. As of September 30, 2023, the certificates of deposit were included as financial assets available for general expenditure.

NOTE 4 — LINE OF CREDIT

The Festival has a \$60,000 revolving line of credit with a bank which is not required to be renewed. The revolving line of credit bears interest at a variable interest rate (7.25% at September 30, 2023), and is unsecured. The Festival had a balance of \$0 due under this line of credit at September 30, 2023.

NOTE 5 — LEASES

The Festival leases office space from Nashville Public Television under an operating lease that expires on June 30, 2024. The Festival may also enter into other short term leases for rehearsal or storage space. Total rent expense for the year ending September 30, 2023, was \$10,291 for the office space and a storage unit. Future minimum lease payments to be made during the year ending September 30, 2024 are \$ 8,846.

NOTE 6 — NET ASSETS

Board designated net assets without donor restrictions consisted of the following at September 30, 2023:

Actor's Equity Association Bonding Account	<u>\$ 11,888</u>
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NASHVILLE SHAKESPEARE FESTIVAL
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 — CONCENTRATIONS AND CONTINGENCIES

At September 30, 2023, 25% of our total payables were due to two vendors and 83% of our total receivables were due from two grantors.