

SHAKESPEARE-SAN FRANCISCO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shakespeare-San Francisco
San Francisco, California

We have audited the accompanying financial statements of Shakespeare-San Francisco (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shakespeare-San Francisco as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Shakespeare-San Francisco's financial statements for the year ended December 31, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 13, 2019

Santa Rosa, CA

SHAKESPEARE - SAN FRANCISCO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

(With summarized comparative totals for December 31, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash	\$ 53,809	\$ 93,326
Grants and contributions receivable	846,587	258,188
Other receivables	16,459	8,754
Prepaid expenses	19,008	16,851
Other assets	2,567	-
Total current assets	938,430	377,119
Fixed assets:		
Property and equipment	76,676	78,906
Vehicles	16,686	16,687
Subtotal	93,362	95,593
Less accumulated depreciation	(92,282)	(86,969)
Net fixed assets	1,080	8,624
Total assets	\$ 939,510	\$ 385,743
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 36,226	\$ 17,566
Accrued vacation and payroll	4,217	1,800
Deferred revenue	22,779	13,832
Total current liabilities	63,222	33,198
Net assets:		
Without donor restriction	(20,729)	(12,458)
Board designated	100,000	-
With donor restriction	797,017	365,003
Total net assets	876,288	352,545
Total liabilities and net assets	\$ 939,510	\$ 385,743

The accompanying notes are an integral part of these financial statements

SHAKESPEARE - SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	Without Donor Restriction	With Donor Restriction	2018 Total	2017 Total
SUPPORT:				
Grants	\$ 339,400	\$ 857,367	\$ 1,196,767	\$ 588,787
Contributions	289,512	-	289,512	367,373
Total support	<u>628,912</u>	<u>857,367</u>	<u>1,486,279</u>	<u>956,160</u>
REVENUE:				
Camp tuition	263,587		263,587	230,809
Tour income	95,194		95,194	93,296
Residencies	20,290		20,290	27,553
Other revenue	46,303		46,303	83,041
Total revenue	<u>425,374</u>		<u>425,374</u>	<u>434,699</u>
Net assets released from restriction	<u>325,353</u>	<u>(325,353)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,379,639</u>	<u>532,014</u>	<u>1,911,653</u>	<u>1,390,859</u>
EXPENSES:				
Programs:				
Free Shakespeare	515,504		515,504	476,271
Residencies	29,315		29,315	89,109
Shakespeare for All	3,750		3,750	59,013
Tours	171,476		171,476	193,715
Camps	293,158		293,158	237,492
Midnight Shakespeare	108,264		108,264	103,313
Miscellaneous production	-		-	92,314
Total program expense	<u>1,121,467</u>		<u>1,121,467</u>	<u>1,251,227</u>
Administration	173,321		173,321	112,285
Fundraising	93,122		93,122	173,678
Total expenses	<u>1,387,910</u>		<u>1,387,910</u>	<u>1,537,190</u>
CHANGE IN NET ASSETS	(8,271)	532,014	523,743	(146,331)
NET ASSETS, BEGINNING	<u>(12,458)</u>	<u>365,003</u>	<u>352,545</u>	<u>498,876</u>
NET ASSETS, ENDING	<u>\$ (20,729)</u>	<u>\$ 897,017</u>	<u>\$ 876,288</u>	<u>\$ 352,545</u>

The accompanying notes are an integral part of these financial statements

SHAKESPEARE - SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	Free Shakespeare	Residencies	Shakespeare		Camps	Midnight Shakespeare	Total Program	Management & General	Fund- raising	2018 Total	2017 Total
			for All	on Tour							
Personnel costs	\$ 122,393	\$ 2,607		\$ 65,540	\$ 71,828	\$ 12,280	\$ 274,648	\$ 546,680		\$ 821,328	\$ 822,611
Professional services	99,963	11,135	\$ 3,600	7,415	45,301	895	168,309	32,829	\$ 63,180	264,318	408,779
Occupancy	-	-	-	-	-	-	-	80,045	397	80,442	67,477
Supplies/equipment	25,138	191	-	1,558	1,774	179	28,840	27,753	1,116	57,709	59,231
Auto/travel	10,758	1,691	150	14,391	3,923	2,059	32,972	5,572	2,856	41,400	51,944
Advertising/printing	17,351	87.00	-	1,424	6,601	-	25,463	326	1,867	27,656	40,823
Telephone/postage	1,860	7.00	-	1,461	1,156	-	4,484	10,539	3,985	19,008	17,973
Depreciation	-	-	-	-	-	-	-	7,543	-	7,543	5,680
Accounting/auditing	-	-	-	-	-	-	-	47,483	-	47,483	62,672
Other expenses	665	-	-	-	-	-	665	637	1,295	2,597	-
Event expenses	-	-	-	-	-	-	-	-	17,776	17,776	-
In-Kind	-	-	-	-	-	-	-	-	650	650	-
Indirect expense	237,376	13,597	-	79,687	162,575	92,851	586,086	(586,086)	-	-	-
	<u>\$ 515,504</u>	<u>\$ 29,315</u>	<u>\$ 3,750</u>	<u>\$ 171,476</u>	<u>\$ 293,158</u>	<u>\$ 108,264</u>	<u>\$ 1,121,467</u>	<u>\$ 173,321</u>	<u>\$ 93,122</u>	<u>\$ 1,387,910</u>	<u>\$ 1,537,190</u>

The accompanying notes are an integral part of these financial statements

SHAKESPEARE - SAN FRANCISCO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(with summarized comparative totals for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 523,743	\$ (146,331)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	7,543	5,680
(Increase) decrease in:		
Grants and contributions receivable	(596,104)	90,238
Prepaid expenses	(2,157)	2,448
Increase (decrease) in:		
Accounts payable	18,660	(3,004)
Accrued vacation	2,417	(348)
Deferred revenue	8,948	(2,591)
Total cash (used) provided by operations	(39,517)	(53,908)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	-	(15,000)
NET CHANGE IN CASH	(39,517)	(68,908)
CASH, beginning of year	93,326	162,234
CASH, end of year	\$ 53,809	\$ 93,326

The accompanying notes are an integral part of these financial statements

SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 ORGANIZATION

Shakespeare-San Francisco (Organization), a California tax-exempt nonprofit corporation, was established in 1982 with a mission to make the words and themes of Shakespeare accessible to everyone, regardless of age, ethnicity, financial status or level of education. The Organization receives its funding through grants from foundations and corporations, as well as contributions from the general public. Revenue is also generated through school programs and tours, camp tuition, and other program fees. Programs currently conducted include:

Free Shakespeare in the Park: Professional productions of Shakespeare's works presented at no cost in neighborhood parks. The program served over 30,000 people through twenty-nine performances in San Francisco, Cupertino, Redwood City and Pleasanton. In 2018, the production was, "A Midsummer Night's Dream."

Shakespeare on Tour: A program that brings a five-actor, fifty-five minute version of a Shakespeare play to over 150 schools, and community sites statewide serving approximately 45,000 each season.

Bay Area Shakespeare Camps: A program that provides Bay Area youth with the opportunity to study and perform Shakespeare in a fun, supportive environment. The program served over three hundred children in twenty-eight two-week summer sessions at community centers, schools, and houses of worship throughout the Bay Area. The Organization offers full and partial scholarships for eligible campers.

Midnight Shakespeare: A ten-week program that provides at-risk youth with the opportunity to develop communication skills and increased self-confidence through the study and performance of Shakespeare. The program is offered in partnership with social service agencies and schools in underserved neighborhoods in West Oakland, Antioch, San Jose and San Francisco and served approximately 100-200 kids annually.

SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: without donor restriction and with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor.

Net assets released from restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Organization reports the revenue or support as net assets without donor restriction. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants & Contribution Receivable – Consists of grants and contributions that have been awarded but not yet received.

SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment – Property and equipment are stated at cost and depreciated or amortized using the straight-line method over estimated useful lives of 3 to 39 years with a capitalization limit of \$5,000. Contributed property and equipment is recorded at fair market value at the date of donation. In the absence of donor stipulations, all contributions of property and equipment are recorded as unrestricted support and depreciated or amortized over the asset's estimated useful life.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and the gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenue – Revenue that has not yet been earned due to timing of programs relating to tours, summer camps and grant revenue. These funds will be recognized as income when earned.

Donated Services and Items – Many people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, detailed information is not maintained to determine an appropriate basis for valuation.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Comparative financial information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations financial statements for the year ended December 31, 2017, from which the summarized information was derived.

SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2018 that are available for operations. The Organization's restrictions come from donor restricted funds based on time and program as well as fiscal sponsor funds. The board operating reserve can be unrestricted upon a board vote as needed.

Financial assets at year end	
Cash and cash equivalents	\$ 53,809
Accounts and grants receivables	<u>863,046</u>
Total financial assets	916,855
Less those unavailable for general expenditures within one year due to:	
Board designated operating reserve	(100,000)
Donor restricted funds (by time or purpose)	<u>(797,017)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,838</u>

NOTE 4 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at December 31, 2018 is \$3,831.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated personal leave. Accumulated employee sick leave benefits are not recognized as liabilities of the organization since payment of such benefits is not probable. Therefore, personal leave benefits are recorded as expenses in the period personal leaves are taken.

NOTE 5 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of the following for the years ending December 31, 2018:

Time and program restrictions	\$ <u>897,017</u>
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SHAKESPEARE-SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 LEASE COMMITMENTS

The Organization is leasing their office and shop space under an Industrial Lease Agreement dated November 1, 2006, amended November 2009, November 2014, and again in November 2017 extending the term of the lease for five years, terminating October 31, 2022. Rent expense for the year ended December 31, 2018 is \$49,680. Future minimum lease commitments are as follows for the years ended December 31:

2019	\$	49,680
2020		49,680
2021		49,680
2022		49,680

NOTE 7 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to early adopt ASU 2016-14, changing to the new language of "without donor restriction" and "with donor restriction." This change has been applied to both the current year and the prior summarized information. As well, an addition to the summary of significant accounting policies in Note 2 has been written to disclose the allocation methodology used by the Organization, and the new liquidity note has been added in Note 3. The prior year change was only in terminology from "unrestricted" and "temporarily restricted" to "without donor restriction" and with "donor restriction." There was no change in the beginning net asset number.

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 13, 2019, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to December 31, 2018 that would have a material impact on the Organization's results of operations or financial position.