

# SHAKESPEARE-SAN FRANCISCO

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2019

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expense	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
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, 2019, 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, 2019, 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, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Goranson and Associates, Inc.*

February 8, 2021

Santa Rosa, CA

SHAKESPEARE - SAN FRANCISCO  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

(With summarized comparative totals for December 31, 2018)

	2019	2018
ASSETS		
Current assets:		
Cash	\$ 224,536	\$ 53,809
Grants and contributions receivable	405,618	846,587
Other receivables	6,270	16,459
Prepaid expenses	23,361	19,008
Other assets	-	2,567
Total current assets	659,785	938,430
Fixed assets:		
Property and equipment	76,676	76,676
Vehicles	16,686	16,686
Subtotal	93,362	93,362
Less accumulated depreciation	(91,286)	(92,282)
Net fixed assets	2,076	1,080
Total assets	\$ 661,861	\$ 939,510
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,202	\$ 36,226
Accrued vacation and payroll	6,554	4,217
Deferred revenue	29,303	22,779
Total current liabilities	52,059	63,222
Net assets:		
Without donor restriction	1,469	(20,729)
With donor restriction	608,333	897,017
Total net assets	609,802	876,288
Total liabilities and net assets	\$ 661,861	\$ 939,510

The accompanying notes are an integral part of these financial statements

SHAKESPEARE - SAN FRANCISCO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(with summarized comparative totals for the year ended December 31, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
SUPPORT:				
Grants	\$ 434,084		\$ 434,084	\$ 1,196,767
Contributions	384,336		384,336	289,512
Total support	<u>818,420</u>		<u>818,420</u>	<u>1,486,279</u>
REVENUE:				
Camp tuition	214,970		214,970	263,587
Tour income	77,366		77,366	95,194
Residencies	22,940		22,940	20,290
Other revenue	49,027		49,027	46,303
Total revenue	<u>364,303</u>		<u>364,303</u>	<u>425,374</u>
Net assets released from restriction	288,684	\$ (288,684)	-	-
Total support and revenue	<u>1,471,407</u>	<u>(288,684)</u>	<u>1,182,723</u>	<u>1,911,653</u>
EXPENSES:				
Programs:				
Free Shakespeare	589,903		589,903	515,504
Residencies	61,212		61,212	29,315
Shakespeare for All	-		-	3,750
Tours	209,836		209,836	171,476
Camps	273,242		273,242	293,158
Midnight Shakespeare	84,371		84,371	108,264
Total program expense	<u>1,218,564</u>		<u>1,218,564</u>	<u>1,121,467</u>
Administration	64,814		64,814	173,321
Fundraising	165,831		165,831	93,122
Total expenses	<u>1,449,209</u>		<u>1,449,209</u>	<u>1,387,910</u>
CHANGE IN NET ASSETS	22,198	(288,684)	(266,486)	523,743
NET ASSETS, BEGINNING	<u>(20,729)</u>	<u>897,017</u>	<u>876,288</u>	<u>352,545</u>
NET ASSETS, ENDING	<u>\$ 1,469</u>	<u>\$ 608,333</u>	<u>\$ 609,802</u>	<u>\$ 876,288</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, 2019  
(with summarized comparative totals for the year ended December 31, 2018)

	Free Shakespeare	Residencies	Shakespeare on Tour	Camps	Midnight Shakespeare	Total Program	Management & General	Fund- raising	2019 Total	2018 Total
Personnel costs	\$ 287,828	\$ 24,450	\$ 118,569	\$ 144,143	\$ 46,581	\$ 621,571	\$ 126,209	\$ 47,258	\$ 795,038	821,328
Professional services	103,326	13,658	8,030	42,039	4,101	171,154	31,754	81,874	284,782	264,318
Occupancy	-	-	-	-	-	-	101,237	-	101,237	80,442
Supplies/equipment	56,451	-	1,929	648	839	59,867	26,444	855	87,166	57,709
Auto/travel	12,773	1,839	17,545	6,046	824	39,027	5,280	6,183	50,490	41,400
Advertising/printing	11,970	-	1,195	7,199	-	20,364	40	4,321	24,725	27,656
Telephone/postage	970	-	818	744	-	2,532	11,561	3,836	17,929	19,008
Depreciation	-	-	-	-	-	-	2,342	-	2,342	7,543
Accounting/auditing	-	-	-	-	-	-	42,683	-	42,683	47,483
Other expenses	-	-	13,416	-	-	13,416	7,897	-	21,313	2,597
Event expenses	-	-	-	-	-	-	-	21,504	21,504	17,776
In-Kind	-	-	-	-	-	-	-	-	-	650
Indirect expense	116,585	21,265	48,334	72,423	32,026	290,633	(290,633)	-	-	-
	<u>\$ 589,903</u>	<u>\$ 61,212</u>	<u>\$ 209,836</u>	<u>\$ 273,242</u>	<u>\$ 84,371</u>	<u>\$ 1,218,564</u>	<u>\$ 64,814</u>	<u>\$ 165,831</u>	<u>\$ 1,449,209</u>	<u>\$ 1,387,910</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, 2019  
(with summarized comparative totals for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (266,486)	\$ 523,743
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	(996)	7,543
(Increase) decrease in:		
Grants and contributions receivable	451,158	(596,104)
Prepaid expenses	(4,353)	(2,157)
Increase (decrease) in:		
Accounts payable	(20,024)	18,660
Accrued vacation	2,337	2,417
Deferred revenue	<u>6,524</u>	<u>8,948</u>
NET CHANGE IN CASH	170,727	(39,517)
CASH, beginning of year	<u>53,809</u>	<u>93,326</u>
CASH, end of year	<u>\$ 224,536</u>	<u>\$ 53,809</u>

The accompanying notes are an integral part of these financial statements



SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 2019, 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, 2019

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, 2019

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, 2019

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, 2018, from which the summarized information was derived.

SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2019 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 amount that is donor restricted on December 31, 2019, \$608,333 will all become available for general operations in fiscal year 2020. \$275,000 beginning January 1, 2020 and the remainder by the end of the year.

Financial assets at year end			
Cash and cash equivalents	\$	224,536	
Accounts and grants receivables		<u>411,888</u>	
Total financial assets		636,424	
Less those unavailable for general expenditures within one year due to:			
Donor restricted funds (by time or purpose)		<u>(608,333)</u>	
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>28,091</u></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, 2019 is \$6,554.

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 LINE OF CREDIT

The Organization has a line of credit with a local financial institution. The maximum amount that can be used is \$10,000 and matures February 2020. There is no balance at December 31, 2019.

SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 6 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of the following for the years ending December 31, 2019:

Time and program restrictions	\$ <u>608,333</u>
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NOTE 7 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, 2019 is \$50,760. Future minimum lease commitments are as follows for the years ended December 31:

2020	\$	49,680
2021		49,680
2022		41,400

NOTE 8 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to adopt ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. This change has been applied to both the current year and the prior year summarized information.

NOTE 9 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 8, 2021, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Organization's operations, financial position, and cash flows.