

**SHAKESPEARE IN DELAWARE PARK, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## **Independent Auditors' Report**

To the Board of Directors of  
Shakespeare in Delaware Park, Inc.

We have audited the accompanying financial statements of Shakespeare in Delaware Park, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibilities 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.

### **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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shakespeare in Delaware Park, Inc. as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kurians & Associates CPAs, PLLC*

Buffalo, New York  
September 9, 2021

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 808,535	\$ 625,395
Investments	13,540	11,930
Prepaid expenses	-	2,500
Equipment, net of accumulated depreciation	548,996	625,304
<b>TOTAL ASSETS</b>	<b><u>\$ 1,371,071</u></b>	<b><u>\$ 1,265,129</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 6,826	\$ 5,721
Deferred revenue	55,040	-
<b>TOTAL LIABILITIES</b>	<b><u>61,866</u></b>	<b><u>5,721</u></b>

**NET ASSETS**

Without donor restrictions		
Board designated - Operating Reserve	102,000	102,000
Board designated - Future Capital Purchases	150,000	150,000
Board designated - Neil Garvey Memorial	6,145	6,145
Undesignated	1,051,060	999,763
	<u>1,309,205</u>	<u>1,257,908</u>
With donor restrictions	-	1,500
<b>TOTAL NET ASSETS</b>	<b><u>1,309,205</u></b>	<b><u>1,259,408</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,371,071</u></b>	<b><u>\$ 1,265,129</u></b>

See accompanying notes and independent auditors' report.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Without restrictions</u>	<u>With restrictions</u>	<u>2020</u>	<u>2019</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 36,385	\$ -	\$ 36,385	\$ 118,698
In-kind revenue	46,121	-	46,121	152,161
State and local grants	124,000	-	124,000	114,500
Foundation and private grants	72,675	-	72,675	37,700
Sponsorships	35,997	-	35,997	38,687
Concession and merchandise sales, net of cost of sales of \$5,754 in 2020 and \$11,294 in 2019	7,141	-	7,141	17,649
Membership dues	20,897	-	20,897	54,765
Fundraising income, net of direct expenses of \$5,895 in 2020 and \$22,394 in 2019	(2,248)	-	(2,248)	33,762
Program fees	100	-	100	10,030
Miscellaneous	16,199	-	16,199	31,294
Gain on extinguishment of debt	39,100	-	39,100	-
Net assets released from restrictions	1,500	(1,500)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>397,867</u>	<u>(1,500)</u>	<u>396,367</u>	<u>609,246</u>
<b>EXPENSES</b>				
Program expenses	194,687	-	194,687	460,099
Supporting services				
General and Administrative	120,887	-	120,887	118,595
Development	30,996	-	30,996	44,713
<b>TOTAL EXPENSES</b>	<u>346,570</u>	<u>-</u>	<u>346,570</u>	<u>623,407</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	51,297	(1,500)	49,797	(14,161)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,257,908</u>	<u>1,500</u>	<u>1,259,408</u>	<u>1,273,569</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,309,205</u>	<u>\$ -</u>	<u>\$ 1,309,205</u>	<u>\$ 1,259,408</u>

See accompanying notes and independent auditors' report.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>2020 Total</u>	<u>2019 Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>			
Salaries	\$ 56,455	\$ 72,215	\$ 24,372	\$ 96,587	\$ 153,042	\$ 243,973
Payroll taxes	4,594	5,877	1,983	7,860	12,454	19,406
Employee benefits	5,734	7,335	2,476	9,811	15,545	18,410
Total salaries and benefits	<u>66,783</u>	<u>85,427</u>	<u>28,831</u>	<u>114,258</u>	<u>181,041</u>	<u>281,789</u>
Marketing and website	19,575	-	-	-	19,575	102,121
Occupancy costs	27,600	5,400	-	5,400	33,000	36,800
Professional fees	-	5,758	-	5,758	5,758	20,060
Printing and postage	-	1,334	-	1,334	1,334	1,840
Program expense	690	-	-	-	690	680
Program supplies and materials	3,731	-	-	-	3,731	61,344
Insurance	-	7,354	-	7,354	7,354	9,974
Office supplies and expense	-	4,899	-	4,899	4,899	3,898
Telephone and internet	-	568	-	568	568	1,649
Bank and credit card fees	-	2,791	-	2,791	2,791	4,795
Fundraising expense	-	-	2,165	2,165	2,165	8,360
Miscellaneous expense	-	7,356	-	7,356	7,356	11,319
Depreciation expense	76,308	-	-	-	76,308	78,778
Total	<u>\$ 194,687</u>	<u>\$ 120,887</u>	<u>\$ 30,996</u>	<u>\$ 151,883</u>	<u>\$ 346,570</u>	<u>\$ 623,407</u>

See accompanying notes and independent auditors' report.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Supporting Services</u>				
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total Supporting Services</u>	
Salaries	\$ 160,845	\$ 60,602	\$ 22,526	\$ 83,128	\$ 243,973
Payroll taxes	12,794	4,820	1,792	6,612	19,406
Employee benefits	12,137	4,573	1,700	6,273	18,410
Total salaries and benefits	<u>185,776</u>	<u>69,995</u>	<u>26,018</u>	<u>96,013</u>	<u>281,789</u>
Marketing and website	102,121	-	-	-	102,121
Occupancy costs	31,400	5,400	-	5,400	36,800
Professional fees	-	9,725	10,335	20,060	20,060
Printing and postage	-	1,840	-	1,840	1,840
Program expense	680	-	-	-	680
Program supplies and materials	61,344	-	-	-	61,344
Insurance	-	9,974	-	9,974	9,974
Office supplies and expense	-	3,898	-	3,898	3,898
Telephone and internet	-	1,649	-	1,649	1,649
Bank and credit card fees	-	4,795	-	4,795	4,795
Fundraising expense	-	-	8,360	8,360	8,360
Miscellaneous expense	-	11,319	-	11,319	11,319
Depreciation expense	<u>78,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,778</u>
Total	<u>\$ 460,099</u>	<u>\$ 118,595</u>	<u>\$ 44,713</u>	<u>\$ 163,308</u>	<u>\$ 623,407</u>

See accompanying notes and independent auditors' report.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 49,797	\$ (14,161)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	76,308	78,778
Changes in assets and liabilities:		
Grants and other receivables	-	5,016
Prepaid expenses	2,500	-
Accounts payable and accrued expenses	1,106	(6,597)
Deferred revenue	55,040	-
Net cash provided by operating activities	<u>184,751</u>	<u>63,036</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	<u>(1,610)</u>	<u>(2,512)</u>
Net cash used in investing activities	<u>(1,611)</u>	<u>(2,512)</u>
<b>INCREASE IN CASH</b>	183,140	60,524
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>625,395</u>	<u>564,871</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 808,535</u>	<u>\$ 625,395</u>

See accompanying notes and independent auditors' report.



**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization**

Shakespeare in Delaware Park, Inc. is a not-for-profit professional theatre company dedicated to providing free, high-quality public theatre to the widest possible audience. The Organization's goal is to enrich, inspire, and entertain diverse audiences through performance and educational programming, with a focus on the works of William Shakespeare. The Organization is committed to mentoring students and professionals and offering adults and children opportunities to experience and appreciate live theatre. The Organization is primarily funded by public donations and governmental grants.

**Adoption of Accounting Standard**

In 2019, the Organization adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard addresses the differences between contributions and exchange transactions, including revenue recognition guidance related to when to recognize a contribution or exchange transaction as revenue. ASU 2018-08 was adopted using the modified prospective method, which requires the Organization to disclose in its first set of financial statements following adoption of the new standard, agreements that are either not complete as of the effective date of the new standard or entered into after the effective date. There were no significant changes in financial statement presentation as a result of adoption of the new standard.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. The Board of Directors has designated \$258,145 as of December 31, 2020 and 2019. Board designated net assets are reported as net assets without donor restrictions in the accompanying statements of financial position.

**Net Assets with Donor Restrictions** – Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Organization had net assets with donor restrictions of \$0 and \$1,500 at December 31, 2020 and 2019, respectively.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Cash and Cash Equivalents**

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

**Concentrations of Credit Risk**

The Organization maintains its cash deposits in accounts at various financial institutions which, at times during the year, may exceed the federally insured limits.

**Grants Receivable**

Grants receivables are stated at the amounts management expects to collect from outstanding balances. The organization uses the direct write off method for uncollectible outstanding receivables. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to accounts receivable.

**Investments**

Investments are carried at fair value as determined by quoted market prices. They consist of readily marketable mutual funds.

**Equipment**

Equipment is stated at cost, net of accumulated depreciation. The Organization capitalizes all property and equipment in excess of \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations as incurred.

**Fair Value Measurements**

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value Measurements (continued)**

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

The Organization has only Level 1 inputs used in measuring investments as of December 31, 2020 and 2019.

**Grants and Other Public Support**

Grant income consists of contributions received primarily from private foundations. Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or designated as support for future periods. 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 and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as unrestricted revenue.

Funds received from conditional grant contributions are considered earned and reported as revenue when expenditures are incurred in compliance with specific grant requirements. Amounts received but not yet earned are reported as deferred revenue.

**Revenue Recognition**

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Facilities**

The Organization occupies various leased space including space for events and a warehouse for storage. Rent for the warehouse used for storage is \$1 per year. Donated facilities for the years ended December 31, 2020 and 2019 amounted to \$27,000 and \$36,800, respectively, and are included in “Occupancy costs” in the accompanying Statements of Functional Expenses.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements, which were primarily advertising services, amounting to \$19,121 and \$101,161, respectively, and are included in “Marketing and website” in the accompanying Statements of Functional Expenses.

**Donated Materials**

Donated materials are recorded at fair market value at the date of donation. Donated materials for the years ended December 31, 2020 and 2019 amounted to \$0 and \$7,200, respectively, and are included in “Program supplies and materials” in the accompanying Statements of Functional Expenses.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Use of Estimates**

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

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Management has evaluated all allocations of expenses. Most expenses are directly charged to programmatic or management and general depending on the nature of the expense. Salaries are allocated based on time and effort of program or supporting services benefitted.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 — EQUIPMENT**

Equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Equipment	1,037,526	1,037,526
Less: accumulated depreciation	(488,530)	(412,222)
	\$ 548,996	\$ 625,304

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$76,308 and \$78,778 respectively.

**NOTE 3 — LIQUIDITY RESOURCES**

The Organization's primary source of financial assets is grants and contributions from the public. The Organization has at its disposal cash and cash equivalents, which provide sources of liquidity. The Organization also has two lines of credit with an availability totaling \$55,000 to provide liquidity. The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 808,535	625,395
Investments	13,540	11,930
Total financial assets	822,075	637,325
Less amounts not available to be used within one year:		
Board designated net assets	(258,145)	(258,145)
Net assets with donor restrictions	-	(1,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ 563,930	\$ 377,680

**NOTE 4 – LINE OF CREDIT**

The Organization has available two unsecured lines of credit for \$50,000 and \$5,000 which are payable on demand and carry interest rates of 4.5% and 14.25%, respectively at December 31, 2020. The credit lines are secured by substantially all assets of the Organization. The balance on these lines of credit was \$0 as of December 31, 2020 and 2019.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

There were no net assets with donor restrictions at December 31, 2020. Net assets with donor restrictions at December 31, 2019 in the amount of \$1,500 were restricted for strategic planning.

**NOTE 6 – CONTINGENCIES**

The Organization has received grants which are subject to audit by agencies of the state and federal government. Such audits may result in a request for a return of funds. Management believes that disallowances, if any, will not be material.

**NOTE 7 – LEASE**

The Organization occupies office space from a nonprofit organization at no cost on a month-to-month basis. The Organization leases a storage facility at a cost of \$1 per year. Total occupancy costs, including in-kind rent of \$27,000, for the years ended December 31, 2020 and 2019 amounted to \$33,000 and \$36,800, respectively.

**NOTE 8 – CONCENTRATION OF REVENUE SOURCES**

The Organization is supported primarily through a grant from the County of Erie of the State of New York. For the years ended December 31, 2020 and 2019, 24% and 16% of the Organization's revenue was derived from one funding source.

**NOTE 9 – SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 9, 2021 (the date on which the financial statements were available to be issued). As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which negatively impacted the program of the Organization causing delays in program outcomes. On February 18, 2021, the Organization applied for and received a Paycheck Protection Program Round 2 loan in the amount of \$52,782 under the Coronavirus Aid, Relief and Economic Security (CARES) Act, which is expected to be forgiven.

**NOTE 10 – RISKS AND UNCERTAINTIES**

In March 2020, the spread of Coronavirus COVID-19 became a global pandemic which resulted in a significant decline in the value of financial assets. The Organization's primary financial assets are bank checking and savings accounts which were not subject to market volatility. As a result of the pandemic, the Organization cancelled its regular 2020 Shakespeare outdoor theater season, however continued to hold some virtual Shakespeare online workshops and a touring show called "Intermezzo". The Organization's 2021 season was changed to have performances at different venues across Western New York and required reservations for guests. The full extent of the impact of the Organization's funding will depend on future developments.

**SHAKESPEARE IN DELAWARE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**NOTE 11 – EXTINGUISHMENT OF DEBT**

The Organization obtained a \$39,100 loan from Key Bank under the Paycheck Protection Program (PPP) in April 2020. Under the terms of PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements are met. The Organization applied for forgiveness with the lender in November 2020 and received forgiveness for the entire amount from the Small Business Administration (SBA) on December 18, 2020. The amount of loan forgiveness is presented as *gain on extinguishment of debt* in the accompanying statement of activities.