

SHAKESPEARE IN DELAWARE PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Shakespeare in Delaware Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Shakespeare in Delaware Park, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Shakespeare in Delaware Park, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Shakespeare in Delaware Park, Inc.'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 Shakespeare in Delaware Park, Inc.'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 Shakespeare in Delaware Park, Inc.'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.

Krusita & Associates CPAs, PLLC

Buffalo, New York
November 14, 2022

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Cash and cash equivalents	\$ 969,570	\$ 808,535
Grants and other receivables	20,000	-
Investments	16,681	13,540
Equipment, net of accumulated depreciation	484,757	548,996
TOTAL ASSETS	<u>\$ 1,491,008</u>	<u>\$ 1,371,071</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 5,200	\$ 6,826
Deferred revenue	24,975	55,040
TOTAL LIABILITIES	<u>30,175</u>	<u>61,866</u>

NET ASSETS

Without donor restrictions		
Board designated - Operating Reserve	250,000	102,000
Board designated - Future Capital Purchases	200,000	150,000
Board designated - Neil Garvey Memorial	-	6,145
Undesignated	1,010,833	1,051,060
TOTAL NET ASSETS	<u>1,460,833</u>	<u>1,309,205</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,491,008</u>	<u>\$ 1,371,071</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
SUPPORT AND REVENUE		
Contributions	\$ 51,449	\$ 36,385
In-kind revenue	33,620	46,121
State and local grants	124,500	124,000
Foundation and private grants	153,725	72,675
Paycheck Protection Program loan forgiveness	52,782	39,100
Sponsorships	43,825	35,997
Concession and merchandise sales, net of cost of sales of \$8,988 in 2021 and \$5,754 in 2020	1,411	7,141
Membership dues	60,591	20,897
Fundraising income, net of direct expenses of \$4,543 in 2021 and \$5,895 in 2020	8,382	(2,248)
Program fees	1,355	100
Miscellaneous	11,218	16,199
TOTAL SUPPORT AND REVENUE	542,858	396,367
 EXPENSES		
Program expenses	215,224	194,687
Supporting services		
General and Administrative	135,122	120,887
Development	40,884	30,996
TOTAL EXPENSES	391,230	346,570
 INCREASE IN NET ASSETS	 151,628	 49,797
 NET ASSETS - BEGINNING OF YEAR	 1,309,205	 1,259,408
 NET ASSETS - END OF YEAR	 \$ 1,460,833	 \$ 1,309,205

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>2021 Total</u>	<u>2020 Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>			
Salaries	\$ 83,729	\$ 73,202	\$ 29,816	\$ 103,018	\$ 186,747	\$ 153,042
Payroll taxes	7,229	6,320	2,574	8,894	16,123	12,454
Employee benefits	7,022	6,138	2,500	8,638	15,660	15,545
Total salaries and benefits	<u>97,980</u>	<u>85,660</u>	<u>34,890</u>	<u>120,550</u>	<u>218,530</u>	<u>181,041</u>
Marketing and website	8,232	-	-	-	8,232	19,575
Occupancy costs	29,588	-	-	-	29,588	33,000
Professional fees	-	21,967	-	21,967	21,967	5,758
Printing and postage	-	2,207	-	2,207	2,207	1,334
Program expense	-	-	-	-	-	690
Program supplies and materials	4,244	-	-	-	4,244	3,731
Insurance	-	12,890	-	12,890	12,890	7,354
Office supplies and expense	-	3,977	-	3,977	3,977	4,899
Telephone and internet	-	400	-	400	400	568
Bank and credit card fees	-	2,137	-	2,137	2,137	2,791
Fundraising expense	-	-	5,994	5,994	5,994	2,165
Miscellaneous expense	-	5,884	-	5,884	5,884	7,356
Depreciation expense	75,180	-	-	-	75,180	76,308
Total	<u>\$ 215,224</u>	<u>\$ 135,122</u>	<u>\$ 40,884</u>	<u>\$ 176,006</u>	<u>\$ 391,230</u>	<u>\$ 346,570</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>				
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total Supporting Services</u>	
Salaries	\$ 56,455	\$ 72,215	\$ 24,372	\$ 96,587	\$ 153,042
Payroll taxes	4,594	5,877	1,983	7,860	12,454
Employee benefits	5,734	7,335	2,476	9,811	15,545
Total salaries and benefits	<u>66,783</u>	<u>85,427</u>	<u>28,831</u>	<u>114,258</u>	<u>181,041</u>
Marketing and website	19,575	-	-	-	19,575
Occupancy costs	27,600	5,400	-	5,400	33,000
Professional fees	-	5,758	-	5,758	5,758
Printing and postage	-	1,334	-	1,334	1,334
Program expense	690	-	-	-	690
Program supplies and materials	3,731	-	-	-	3,731
Insurance	-	7,354	-	7,354	7,354
Office supplies and expense	-	4,899	-	4,899	4,899
Telephone and internet	-	568	-	568	568
Bank and credit card fees	-	2,791	-	2,791	2,791
Fundraising expense	-	-	2,165	2,165	2,165
Miscellaneous expense	-	7,356	-	7,356	7,356
Depreciation expense	<u>76,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,308</u>
Total	<u>\$ 194,687</u>	<u>\$ 120,887</u>	<u>\$ 30,996</u>	<u>\$ 151,883</u>	<u>\$ 346,570</u>

See accompanying notes and independent auditors' report.

SHAKESPEARE IN DELAWARE PARK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 151,628	\$ 49,797
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	75,180	76,308
Loss due to disposal of equipment	12,707	-
Changes in assets and liabilities:		
Grants and other receivables	(20,000)	-
Prepaid expenses	-	2,500
Accounts payable and accrued expenses	(1,625)	1,105
Deferred revenue	(30,065)	55,040
Net cash provided by operating activities	<u>187,825</u>	<u>184,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,141)	(1,610)
Equipment purchases	<u>(23,649)</u>	<u>-</u>
Net cash used in investing activities	<u>(26,790)</u>	<u>(1,610)</u>
INCREASE IN CASH	161,035	183,140
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>808,535</u>	<u>625,395</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 969,570</u>	<u>\$ 808,535</u>

See accompanying notes and independent auditors' report.

**SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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.

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. In 2021, the Board voted to increase the Board designated funds that were set aside for the operating reserve and capital reserves. Board designated net assets are reported as net assets without donor restrictions in the accompanying statements of financial position, which consist of the following as of December 31, 2021 and 2020:

	2021	2020
Operating reserves	\$ 250,000	\$ 102,000
Capital reserve	200,000	150,000
Neil Garvey fund	-	6,145
Total board designated funds	\$ 450,000	\$ 258,145

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 no net assets with donor restrictions at December 31, 2021 and 2020.

Basis of Accounting

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

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash in financial institutions potentially subjects the Organization to concentrations of credit risk, since it may exceed insured limits at various times throughout the year.

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, 2021 AND 2020

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, 2021 and 2020.

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.

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, 2021 and 2020 amounted to \$25,388 and \$27,000, respectively, and are included in "Occupancy costs" in the accompanying Statements of Functional Expenses.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the financial statements amounted to \$0 and \$19,121, 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, 2021 and 2020 amounted to \$8,232 and \$0, respectively, and are included in “Marketing and website” 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.

NOTE 2 — EQUIPMENT

Equipment consists of the following at December 31, 2021 and 2020:

	2021	2020
Equipment	\$ 1,033,768	\$ 1,037,526
Less: accumulated depreciation	(549,011)	(488,530)
	\$ 484,757	\$ 548,996

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to \$75,180 and \$76,308 respectively.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 969,570	\$ 808,535
Grants and donations receivable	20,000	-
Investments	16,681	13,540
Total financial assets	<u>1,006,251</u>	<u>822,075</u>
Less amounts not available to be used within one year:		
Board designated net assets	<u>(450,000)</u>	<u>(258,145)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 556,251</u>	<u>\$ 563,930</u>

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, 2021. 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, 2021 and 2020.

NOTE 5 – 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 6 – 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 for the years ended December 31, 2021 and 2020, respectively, including in-kind rent of \$25,388 and \$27,000, amounted to \$29,588 and \$33,000, respectively.

NOTE 7 – CONCENTRATION OF REVENUE SOURCES

The Organization is supported primarily through various local government and private grants. For the years ended December 31, 2021 and 2020, 26% and 24% of the Organization's revenue was derived from two funding sources.

SHAKESPEARE IN DELAWARE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 14, 2022 (the date on which the financial statements were available to be issued).

NOTE 9 - RISKS AND UNCERTAINTIES DUE TO COVID-19

In March 2020, the spread of Coronavirus COVID-19 became a global pandemic which resulted in a disruption in operations of many organizations. 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 relocate performances at a variety of venues across Western New York and required reservations for all guests. The full extent of the impact of the Organization’s funding will depend on future developments.

In April 2020, the Organization was approved for a \$39,100 (“first draw”) loan under the Paycheck Protection Program (“PPP”) Coronavirus Aid, Relief and Economic Security (CARES) Act. In December 2020, the Organization received notification from the SBA of loan forgiveness and the proceeds were recognized as revenue in the accompanying statement of activities.

In February 2021, the Organization was approved for a \$52,782 (“second draw”) loan under the Paycheck Protection Program (“PPP”) Coronavirus Aid, Relief and Economic Security (CARES) Act. In September 2021, the Organization received notification from the SBA of loan forgiveness and the proceeds were recognized as revenue in the accompanying statement of activities.