

# SHAKESPEARE-SAN FRANCISCO

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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# 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, 2020, 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, 2020, 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, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Goranson and Associates, Inc.*

November 12, 2021

Santa Rosa, CA

SHAKESPEARE - SAN FRANCISCO  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020

(With summarized comparative totals for December 31, 2019)

	2020	2019
ASSETS		
Current assets:		
Cash	\$ 593,133	\$ 224,536
Grants and contributions receivable	252,720	405,618
Other receivables	10,060	6,270
Prepaid expenses	15,563	23,361
Total current assets	871,476	659,785
Fixed assets:		
Property and equipment	76,676	76,676
Vehicles	16,686	16,686
Subtotal	93,362	93,362
Less accumulated depreciation	(93,362)	(91,286)
Net fixed assets	-	2,076
Total assets	\$ 871,476	\$ 661,861
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 19,224	\$ 16,202
Accrued vacation and payroll	32,536	6,554
Deferred revenue	1,924	29,303
Notes payable, current portion	104,977	-
Total current liabilities	158,661	52,059
Long term liabilities:		
PPP loan	29,831	-
EIDL loan	149,934	-
Total long-term liabilities	179,765	-
Total liabilities	338,426	52,059
Net assets:		
Without donor restriction	4,717	1,469
With donor restriction	528,333	608,333
Total net assets	533,050	609,802
Total liabilities and net assets	\$ 871,476	\$ 661,861

The accompanying notes are an integral part of these financial statements

SHAKESPEARE - SAN FRANCISCO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with summarized comparative totals for the year ended December 31, 2019)

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
SUPPORT:				
Grants	\$ 413,493	\$ 170,000	\$ 583,493	\$ 434,084
Contributions	366,151	-	366,151	384,336
Total support	<u>779,644</u>	<u>170,000</u>	<u>949,644</u>	<u>818,420</u>
REVENUE:				
Camp tuition	114,787		114,787	214,970
Tour income	37,877		37,877	77,366
Residencies	25,920		25,920	22,940
Other revenue	38,143		38,143	49,027
Total revenue	<u>216,727</u>		<u>216,727</u>	<u>364,303</u>
Net assets released from restriction	250,000	(250,000)	-	-
Total support and revenue	<u>1,246,371</u>	<u>(80,000)</u>	<u>1,166,371</u>	<u>1,182,723</u>
EXPENSES:				
Programs:				
Free Shakespeare	442,234		442,234	589,903
Residencies	50,668		50,668	61,212
Tours	279,956		279,956	209,836
Camps	157,962		157,962	273,242
Midnight Shakespeare	5,902		5,902	84,371
Miscellaneous production	52,689		52,689	-
Total program expense	<u>989,411</u>		<u>989,411</u>	<u>1,218,564</u>
Administration	73,592		73,592	64,814
Fundraising	180,120		180,120	165,831
Total expenses	<u>1,243,123</u>		<u>1,243,123</u>	<u>1,449,209</u>
CHANGE IN NET ASSETS	3,248	(80,000)	(76,752)	(266,486)
NET ASSETS, BEGINNING	<u>1,469</u>	<u>608,333</u>	<u>609,802</u>	<u>876,288</u>
NET ASSETS, ENDING	<u>\$ 4,717</u>	<u>\$ 528,333</u>	<u>\$ 533,050</u>	<u>\$ 609,802</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, 2020  
(with summarized comparative totals for the year ended December 31, 2019)

	Free Shakespeare	Midnight Shakespeare	Camps	School Tour	Miscellaneous Production	Residencies	Total Program	Management & General	Fund- raising	2020 Total	2019 Total
Personnel costs	\$ 321,543	\$ 37,413	\$ 214,817	\$ 119,986	\$ 4,747	\$ 41,793	\$ 740,299	\$ 53,041	\$ 75,231	\$ 868,571	\$ 795,038
Professional services	20,817	2,408	1,600	2,951	-	292	28,068	29,116	69,462	126,646	284,782
Occupancy	-	-	-	-	-	-	-	111,342	-	111,342	101,237
Supplies/equipment	22,631	-	2,641	3,460	-	-	28,732	13,220	1,954	43,906	87,166
Auto/travel	2,128	-	501	4,350	8	405	7,392	10,396	173	17,961	50,490
Advertising/printing	979	-	10,974	-	-	-	11,953	-	1,431	13,384	24,725
Telephone/postage	703	-	2,246	117	-	-	3,066	11,438	2,348	16,852	17,929
Depreciation	-	-	-	-	-	-	-	2,076	-	2,076	2,342
Accounting/auditing	-	-	-	-	-	-	-	39,481	-	39,481	42,683
Other expenses	750	-	830	-	-	-	1,580	1,324	-	2,904	21,313
Indirect expense	72,683	10,847	46,347	27,098	1,147	10,199	168,321	(197,842)	29,521	-	-
	<u>\$ 442,234</u>	<u>\$ 50,668</u>	<u>\$ 279,956</u>	<u>\$ 157,962</u>	<u>\$ 5,902</u>	<u>\$ 52,689</u>	<u>\$ 989,411</u>	<u>\$ 73,592</u>	<u>\$ 180,120</u>	<u>\$ 1,243,123</u>	<u>\$ 1,427,705</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, 2020  
(with summarized comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (76,752)	\$ (266,486)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	2,076	1,571
(Increase) decrease in:		
Grants and contributions receivable	149,108	451,158
Prepaid expenses	7,798	(4,353)
Increase (decrease) in:		
Accounts payable	3,022	(20,024)
Accrued vacation	25,982	2,337
Deferred revenue	(27,379)	6,524
Total cash (used) provided by operations	<u>83,855</u>	<u>170,727</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds/(payments) on long-term debt	<u>284,742</u>	<u>-</u>
NET CHANGE IN CASH	368,597	170,727
CASH, beginning of year	<u>224,536</u>	<u>53,809</u>
CASH, end of year	<u>\$ 593,133</u>	<u>\$ 224,536</u>

The accompanying notes are an integral part of these financial statements



SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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 generally serves over 30,000 people through performances in San Francisco, Cupertino, Redwood City and Pleasanton. Due to the pandemic in 2020, the company innovated the Unified Virtual Space method and presented live performances of King Lear virtually via Youtube, successfully pivoting the program to Free Shakespeare at Home. The company also shared its knowledge with the field in a series of online classes, "Making Virtual Theatre."

**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, generally serving approximately 45,000 each season. Due to the pandemic in 2020, the tour ceased in-person performances in March; in the fall of 2020, using the learnings from Free Shakespeare at Home, a series of educational experiences were provided to schools and the public called Takes on Shakes.

**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 generally serves over three hundred children in two-week summer sessions at community centers, schools, and houses of worship throughout the Bay Area. Due to the pandemic in 2020, the camps migrated to an online learning environment. 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 generally offered in partnership with social service agencies and schools in underserved neighborhoods in West Oakland, Antioch, San Jose and San Francisco. Due to the pandemic in 2020, Midnight Shakespeare ceased in March, 2020. An online session of Shakespeare's Heartbeat was offered virtually in the fall of 2020.

SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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, 2020

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 threshold 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 and summer camps. 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, it does not meet the criteria under GAAP.

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, 2020

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, 2019, from which the summarized information was derived.

SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2020 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, 2020 is \$528,333.

Financial assets at year end	
Cash and cash equivalents	\$ 593,133
Accounts and grants receivables	262,780
Total financial assets	<u>855,913</u>
Less those unavailable for general expenditures within one year due to:	
Donor restricted funds (by time or purpose)	<u>(528,333)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 327,580</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, 2020 is \$15,210.

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 \$30,000 and matures February 2021. There is no balance at December 31, 2020.

SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 6 NOTES PAYABLE

The Organization has two notes payable with the Small Business Administration in the amount of \$133,459 for a PPP loan and \$150,000 for an EIDL loan. The loans originated May 2020 and August 2020 and mature May 2022 and August 2050. Interest is one percent and 2.75 percent. The PPP loan can be forgiven as long as the covenants are met which was not done by December 31, 2020 but is expected to be by December 31, 2021. Future minimum payments are as follows:

PPP loan	
2021	\$ 103,628
2022	29,825
Total	<u>\$ 133,453</u>

EIDL loan	
2021	\$ 1,349
2022	3,302
2023	3,394
2024	3,488
2025	3,585
Thereafter	134,880
Total	<u>\$ 149,998</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of the following for the years ending December 31, 2020:

Time and program restrictions	\$ <u>528,333</u>
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SHAKESPEARE-SAN FRANCISCO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8 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, 2020 is \$52,020. Future minimum lease commitments are as follows for the years ended December 31:

2021	\$	49,680
2022		41,400

NOTE 9 UNCERTAINTIES

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. The pandemic is having a material impact on the Organization's operations and could have a material effect on future financial position and cash flows

NOTE 10 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 12, 2021, the date the financial statements were available to be issued and determined that there were no events occurring subsequent December 31, 2020 that would have a material impact on the Organization results of operations or financial position.