

**Opry Heritage Foundation**

**Financial Statements and Independent Auditor's Report  
Thereon as of and for the Year Ending December 31 , 2013**

## Table of Contents

|   |     |
|---|-----|
| Independent Auditor's Report .....                      | 1   |
| Statement of Position .....                             | 2   |
| Statement of Activities and Changes in Net Assets ..... | 3   |
| Statement of Cash Flows .....                           | 4   |
| Notes to Financial Statements .....                     | 5-7 |

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
the Opry Heritage Foundation

We have audited the accompanying financial statements of Opry Heritage Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities 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.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opry Heritage Foundation as of December 31, 2013, 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.



City, State  
March 19, 2014

**Opry Heritage Foundation**  
**Statement of Position**  
**December 31, 2013**

|                                  |                     |
|----------------------------------|---------------------|
| ASSETS                           |                     |
| Cash and Cash Equivalents        | 14,611.82           |
| Accounts Receivable              | 2,651.01            |
| Inventory                        | 858.87              |
| Property and Equipment           | 211,194.51          |
| Accumulated Depreciation         | <u>(147,875.11)</u> |
| TOTAL ASSETS                     | <u>\$ 81,441.10</u> |
|                                  |                     |
| LIABILITIES                      |                     |
| Accounts Payable                 | 68.89               |
| Accrued Liabilities              | <u>1,351.00</u>     |
| TOTAL LIABILITIES                | 1,419.89            |
|                                  |                     |
| NET ASSETS                       |                     |
| Unrestricted                     | <u>80,021.21</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 81,441.10</u> |

**Opry Heritage Foundation**  
**Statement of Activities and Changes in Net Assets**  
**Year Ending December 31, 2013**

|                             |                            |
|-----------------------------|----------------------------|
| REVENUES AND GAINS          |                            |
| Ticket and Concession Sales | 92,470.52                  |
| Merchandise                 | 32,649.21                  |
| Event Rental Income         | 27,043.90                  |
| Contributions and Grants    | 176,446.43                 |
| Other                       | <u>916.76</u>              |
| TOTAL REVENUES AND GAINS    | 329,526.82                 |
|                             |                            |
| EXPENSES                    |                            |
| Merchandise                 | 69,730.00                  |
| Production                  | 95,187.31                  |
| Personnel                   | 53,753.31                  |
| Occupany                    | 54,842.39                  |
| Administration              | 18,468.58                  |
| Depreciation                | <u>9,638.92</u>            |
| TOTAL EXPENSES              | <u>301,620.51</u>          |
| CHANGE IN NET ASSETS        | <u>27,906.31</u>           |
| Beginning Net Assets        | <u>52,114.90</u>           |
| ENDING NET ASSETS           | <u><u>\$ 80,021.21</u></u> |

The accompanying notes are an integral part of these financial statements.

**Opry Heritage Foundation  
Statement of Cash Flows  
Year Ending December 31, 2013**

|  |                            |
|--|----------------------------|
| <b>Cash flows from operating activities</b>  |                            |
| Change in Net Assets   | 27,906.31                  |
| Adjustments to reconcile change in net assets to cash provided by operating activities |                            |
| Prior period correction  | 26,193.83                  |
| Depreciation   | 9,638.92                   |
| (Increase) decrease in operating assets:   |                            |
| Accounts Receivable  | 374.92                     |
| Inventory  | (522.45)                   |
| Increase (decrease) in operating liabilities:  |                            |
| Accounts Payable   | (20,390.31)                |
| Accrued Liabilities  | <u>107.25</u>              |
| Net cash provided by operating activities  | 43,308.47                  |
| <br><b>Cash flows from investing activities</b>  |                            |
| Purchase of property and equipment   | <u>(38,399.27)</u>         |
| Net cash used by investing activities  | (38,399.27)                |
| <br><b>Cash flows from financing activities</b>  |                            |
| Principal paid on long term debt   | <u>(19,780.36)</u>         |
| Net cash used by financing activities  | <u>(19,780.36)</u>         |
| Net Decrease in Cash   | (14,871.16)                |
| Cash, beginning of year  | <u>29,482.98</u>           |
| Cash, end of year  | <u><u>\$ 14,611.82</u></u> |

The accompanying notes are an integral part of these financial statements.

**Opry Heritage Foundation**  
**Note to Financial Statements**  
**As of and for the year ending December 31, 2013**

**Note One – Summary of Significant Accounting Policies**

(a) Organization and nature of activities

Opry Heritage Foundation (the Organization) was incorporated under the laws of the state of Oklahoma in 2004. The Organization operates a theatre and retail outlet to promote and educate the general public about country music.

During 2013, the Organization produced approximately 60 shows and presentations.

(b) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

(c) Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor. As of December 31, 2013, the Organization had no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2013, the Organization had no permanently restricted net assets.

The Organization is also required to present a statement of cash flows.

(d) Inventory

DVDs and CDs of performances are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

(e) Property and equipment

Property and equipment is recorded at cost to the Organization or, if donated, at estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of

capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000. Depreciation is based on the straight-line method over the estimated useful lives of assets acquired.

(f) Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(g) Income tax status

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 that is not a private foundation under Section 509(a)(c). The Organization's Department of the Treasury information returns are subject to examination, generally for three years after the filing date.

(i) Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(j) Use of estimates

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

**Note Two – Accounts Receivable**

Accounts receivable consist of monies owned for the sale of goods and services. The accounts receivable are stated at fair market value and are considered to be fully collectible.

**Note Three – Property and Equipment**

Property and Equipment consists of the following at December 31, 2013:

|                          |                     |
|--------------------------|---------------------|
| Leasehold Improvements   | 73,630.37           |
| Equipment and Fixtures   | 137,564.14          |
| Total                    | <u>211,194.51</u>   |
| Accumulated Depreciation | <u>(147,875.11)</u> |
| Net Book Value           | <u>\$ 63,319.40</u> |

During the year ending December 31, 2013 the Organization purchased \$38,399 of new equipment and fixtures. Depreciation for the year was \$9,639.

**Note Four – Accrued Liabilities**

Accrued liabilities and expenses related to payroll liabilities and sales taxes payable on the sale of CDs and DVDs.

**Note Five – Inventory**

Inventory on hand at December 31, 2013 consists of CDs and DVDs. Inventory is stated at cost.

**Note Six – Evaluation of Subsequent Events**

The Organization evaluated subsequent events through March 19, 2014, the date of the auditors' report (which is also the date the financial statements were available to be issued) and concluded that no events or transactions occurred during that period which require recognition or disclosure.

**Note Seven – Prior Period Correction**

During the year ending December 31, 2013 the Organization made adjustments to net assets of \$26,194. These adjustments were necessary to correct prior year balances of the property and equipment accounts.