

BILL PURCELL  
MAYOR



**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

DEPARTMENT OF FINANCE  
222 THIRD AVENUE NORTH, SUITE 650  
NASHVILLE, TENNESSEE 37201

November 4, 2005

Monica Flynn Urness, Board Chair  
Nashville Children's Theater  
724 Second Avenue South  
Nashville, TN 37210

Dear Dr. Urness:

Please find attached the Monitoring Report of the Nashville Children's Theater relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2005.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the OFA conducted the review on October 13, 2005.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

A handwritten signature in black ink, appearing to be "Fred Adom".

Fred Adom  
Director

cc: Allison Dillon, Nashville Children's Theater  
David Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Kim McDoniel, Assistant Director of Finance  
Don Dodson, Internal Audit  
Bill Walker, Office of Financial Accountability





## Metropolitan Government of Nashville and Davidson County

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◆ Monitoring Report of ◆

# Nashville Children's Theater



**Issued by**



## Office of Financial Accountability

November 4, 2005

Fred Adom, CPA  
Director

Bill Walker, CPA  
Lead Auditor

*Our Vision: To be excellent and proficient in monitoring and management services.*

Monitoring Report  
for the  
Nashville Children's Theater

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## OBJECTIVES, SCOPE AND METHODOLOGY

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The Office of Financial Accountability (herein after referred to as OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations, which receive appropriations from the Metropolitan Nashville and Davidson County government. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government.

We have completed a monitoring review of the Metropolitan Nashville Government grant to the Nashville Children's Theater for the year ended June 30, 2005. A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements and accordingly, does not express an opinion or any assurance regarding the financial statements of the Nashville Children's Theater. Our objectives were for this review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds
- 2) To test if costs and service are allowable and eligible
- 3) To verify that program objectives are being met
- 4) To test the reliability of the financial and programmatic reporting
- 5) To test the reliability of internal controls
- 6) To verify contractual compliance

The review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1301 in the amount of \$29,700 to the Nashville Children's Theater for the fiscal year ending June 30, 2005. Grant funds were to be used specifically for utility expenses. The Junior League of Nashville established the Nashville Children's Theater in 1931. The Nashville Children's Theater is the oldest children's theater company in the United States. Each year, the agency produces 4 or more professional productions for audiences ranging from pre-school to adult. The average season last 30 weeks and features over 150 performances for both school groups and family audiences. During the grant period, the Nashville Children's Theater served 47,713 school children from 215 area public and private schools. Additionally, the agency served 5,365 kids and adults with its family matinee program.

To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Nashville Children's Theater and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Nashville Children's Theater and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agency's invoices submitted to Metro.

## **RESULTS OF MONITORING**

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The overall results of the monitoring review for the Nashville Children's Theater are provided in this section. The results are based on tests performed and include conclusions regarding the specific review objectives and, if applicable, recommendations for improvement and an action plan for implementing the conclusions. **There were no findings of noncompliance.**

### **1. Possess necessary resources and capacity to administer the grant funds**

Our review of the agency's accounting system, the qualification of the individuals assigned to manage the accounting records, and other available resources, indicates that the Nashville Children's Theater possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal staff has several years of grant accounting experience. The OFA obtained and reviewed a copy of the minutes of the agency's board meetings. The OFA noted that the Board of Directors met several times during the grant period and appeared to exercise oversight of the agency's operations.

### **2. Allowable and Eligible costs and services**

The contract between Metropolitan Nashville Government and the Nashville Children's Theater for the year ended June 30, 2005, required the Nashville Children's Theater to use the grant funds to support utility expenses of the agency. Our review determined that the Nashville Children's Theater was in compliance with this requirement.

The grants manual specifies for the separate accounting of the Metropolitan Nashville Government grant funds to prohibit co-mingling of the Metro Funds with other sources of funding. The agency is compliance with this requirement of the grants manual. The agency has established different revenue classes as well as expenditure classes, so the agency can accurately track the sources and amounts of their funding. Our review covered all of the core compliance areas identified by OMB Circular 133 Audit of States, Local Government, and Non-Profit Organizations.

### **3. Program objectives being met**

The contract between Metropolitan Nashville Government and the Nashville Children's Theater for the year ended June 30, 2005, required the Nashville Children's Theater to use the grant funds to support utility expenses of the agency. Based on interviews with the Grantee's staff and the review of the agencies documentation, the Nashville Children's Theater appears to be in compliance and program objectives are being met.

### **4. Reliability of financial and programmatic reporting**

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Nashville Children's Theater is required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. Our review determined that the Nashville Children's Theater was in compliance with this requirement.

### **5. Reliability of internal controls**

Our review of the internal controls of the Nashville Children's Theater revealed that the agency appeared to be well managed and incorporate strong internal controls. The Board of Directors provides sufficient oversight and there appears to be adequate segregation of duties in the implementation of grant funds.

## **6. Civil rights requirements**

Our review did not reveal anything to indicate that the Nashville Children's Theater was not in compliance with civil rights requirements. The agency has not received any complaints regarding any form of discrimination and the agency has civil rights and ADA posting in public places. The Nashville Children's Theater employee handbook addresses the agency's civil rights policy as well.