

TRINITY REPERTORY COMPANY

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2017 AND 2016

WITH INDEPENDENT AUDITOR'S REPORT

Trinity Repertory Company
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Trinity Repertory Company

We have audited the accompanying financial statements of Trinity Repertory Company (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization'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 Trinity Repertory Company as of June 30, 2017 and 2016, 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.



October 24, 2017

Trinity Repertory Company
Statements of Financial Position
June 30, 2017 and 2016

	2017				2016			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Assets								
Current Assets								
Cash and cash equivalents	\$ 1,128,066	\$ 197,146	\$ 110	\$ 1,325,322	\$ 518,820	\$ 419,250	\$ 262,500	\$ 1,200,570
Unconditional promises to give	654,635	387,427	100,100	1,142,162	177,771	432,551	75	610,397
Prepaid expenses and other current assets	176,049	-	-	176,049	117,977	-	-	117,977
Total Current Assets	1,958,750	584,573	100,210	2,643,533	814,568	851,801	262,575	1,928,944
Unconditional promises to give	-	75,108	88,550	163,658	-	226,414	-	226,414
Property and equipment, at cost, net of accumulated depreciation and amortization	4,985,411	-	-	4,985,411	4,478,138	-	-	4,478,138
Assets held in Fund	97,875	328,007	2,048,420	2,474,302	360,375	120,717	1,735,385	2,216,477
Deposits	6,950	-	-	6,950	3,200	-	-	3,200
Total Assets	\$ 7,048,986	\$ 987,688	\$ 2,237,180	\$ 10,273,854	\$ 5,656,281	\$ 1,198,932	\$ 1,997,960	\$ 8,853,173
Liabilities and Net Assets								
Liabilities								
Current Liabilities								
Loans payable	\$ 87,504	\$ -	\$ -	\$ 87,504	\$ 72,403	\$ -	\$ -	\$ 72,403
Accounts payable and accrued expenses	410,812	-	-	410,812	163,002	-	-	163,002
Deferred revenue	1,356,001	-	-	1,356,001	1,198,538	-	-	1,198,538
Capital lease obligation	147,000	-	-	147,000	147,000	-	-	147,000
Total Current Liabilities	2,001,317	-	-	2,001,317	1,580,943	-	-	1,580,943
Deferred rent credit	6,710	-	-	6,710	-	-	-	-
Capital lease obligation	1,458,223	-	-	1,458,223	1,482,975	-	-	1,482,975
Loans payable	1,618,744	-	-	1,618,744	1,519,077	-	-	1,519,077
Total Liabilities	5,084,994	-	-	5,084,994	4,582,995	-	-	4,582,995
Commitments and contingencies								
Net Assets								
Property and equipment, net of capital lease obligation	3,380,188	-	-	3,380,188	2,848,163	-	-	2,848,163
Board-designated	260,375	-	-	260,375	360,375	-	-	360,375
Accumulated deficit	(1,676,571)	-	-	(1,676,571)	(2,135,252)	-	-	(2,135,252)
Total Unrestricted Net Assets	1,963,992	-	-	1,963,992	1,073,286	-	-	1,073,286
Temporarily Restricted Net Assets	-	987,688	-	987,688	-	1,198,932	-	1,198,932
Permanently Restricted Net Assets	-	-	2,237,180	2,237,180	-	-	1,997,960	1,997,960
Total Net Assets	1,963,992	987,688	2,237,180	5,188,860	1,073,286	1,198,932	1,997,960	4,270,178
Total Liabilities and Net Assets	\$ 7,048,986	\$ 987,688	\$ 2,237,180	\$ 10,273,854	\$ 5,656,281	\$ 1,198,932	\$ 1,997,960	\$ 8,853,173

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

Trinity Repertory Company
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	2017				2016			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Operating Activities								
Public Support and Other Revenue								
Public Support								
Government	\$ 195,328	\$ 14,900	\$ -	\$ 210,228	\$ 153,235	\$ 25,000	\$ -	\$ 178,235
Foundations	409,056	72,500	-	481,556	189,077	53,000	-	242,077
Corporations	140,124	35,000	-	175,124	185,448	-	-	185,448
Individuals and family foundations	637,850	161,170	-	799,020	793,587	426,103	-	1,219,690
Fundraising benefits	541,286	-	-	541,286	503,332	-	-	503,332
Less: direct costs of fundraising benefits	(274,007)	-	-	(274,007)	(349,407)	-	-	(349,407)
Donated services and materials	711,202	-	-	711,202	576,094	-	-	576,094
Spending policy distribution	104,018	-	-	104,018	100,372	-	-	100,372
Net assets released from restrictions								
Individuals and family foundations	473,307	(473,307)	-	-	260,214	(260,214)	-	-
Foundations	186,447	(186,447)	-	-	74,451	(74,451)	-	-
Corporations	15,000	(15,000)	-	-	28,605	(28,605)	-	-
Government	27,350	(27,350)	-	-	17,650	(17,650)	-	-
Total Public Support	3,166,961	(418,534)	-	2,748,427	2,532,658	123,183	-	2,655,841
Other Revenue								
Ticket sales	2,850,617	-	-	2,850,617	3,051,963	-	-	3,051,963
Service charge and facility income	355,321	-	-	355,321	430,297	-	-	430,297
MFA Program income	2,591,919	-	-	2,591,919	2,246,851	-	-	2,246,851
Rental income	32,195	-	-	32,195	24,370	-	-	24,370
Concession income, net of cost of goods sold	95,447	-	-	95,447	93,077	-	-	93,077
Education and engagement income	268,014	-	-	268,014	243,567	-	-	243,567
Interest income	6,976	-	-	6,976	7,632	-	-	7,632
Program advertising	94,030	-	-	94,030	72,140	-	-	72,140
Miscellaneous income	12,967	-	-	12,967	15,060	-	-	15,060
Total Public Support and Other Revenue	9,474,447	(418,534)	-	9,055,913	8,717,615	123,183	-	8,840,798
Expenses								
Program Services	8,413,830	-	-	8,413,830	8,350,094	-	-	8,350,094
Supporting Services								
Management and General	643,876	-	-	643,876	651,188	-	-	651,188
Fundraising	583,868	-	-	583,868	703,580	-	-	703,580
Total Supporting Services	1,227,744	-	-	1,227,744	1,354,768	-	-	1,354,768
Total Expenses	9,641,574	-	-	9,641,574	9,704,862	-	-	9,704,862
Increase (Decrease) in Net Assets Before Non-Operating Activities (carried forward)	(167,127) *	(418,534)	-	(585,661)	(987,247) *	123,183	-	(864,064)
	\$ 298,344				\$ (538,564)			

* Includes depreciation and amortization expense of \$465,471 (2017) and \$448,683 (2016)
Increase (decrease) in net assets before non-operating activities and depreciation expense

Trinity Repertory Company
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	2017				2016			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Increase (Decrease) in Net Assets Before Non-Operating Activities (brought forward)	\$ (167,127)	\$ (418,534)	\$ -	\$ (585,661)	\$ (987,247)	\$ 123,183	\$ -	\$ (864,064)
Non-Operating Activities								
Gain from differential under interest swap agreement	12,157	-	-	12,157	20,080	-	-	20,080
Individuals and family foundations	-	-	239,220	239,220	-	-	96,479	96,479
Investment income (loss)	-	311,308	-	311,308	-	(67,210)	-	(67,210)
Spending policy distribution	-	(104,018)	-	(104,018)	-	(100,372)	-	(100,372)
Loss on disposal of equipment	(78,881)	-	-	(78,881)	-	-	-	-
Debt forgiveness	119,077	-	-	119,077	-	-	-	-
Capital contributions								
Government	914,736	-	-	914,736	185,989	-	-	185,989
Foundations	45,948	-	-	45,948	-	-	-	-
Corporations	10,000	-	-	10,000	-	-	-	-
Individuals and family foundations	34,796	-	-	34,796	-	-	-	-
Total Non-Operating Activities	1,057,833	207,290	239,220	1,504,343	206,069	(167,582)	96,479	134,966
Increase (Decrease) in Net Assets	890,706	(211,244)	239,220	918,682	(781,178)	(44,399)	96,479	(729,098)
Net Assets, beginning of year	1,073,286	1,198,932	1,997,960	4,270,178	1,854,464	1,243,331	1,901,481	4,999,276
Net Assets, End of Year	<u>\$ 1,963,992</u>	<u>\$ 987,688</u>	<u>\$ 2,237,180</u>	<u>\$ 5,188,860</u>	<u>\$ 1,073,286</u>	<u>\$ 1,198,932</u>	<u>\$ 1,997,960</u>	<u>\$ 4,270,178</u>

Trinity Repertory Company
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

Cash Flows From Operating and Non-Operating Activities	2017	2016
Increase (Decrease) in net assets	\$ 918,682	\$ (729,098)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating and non-operating activities:		
Depreciation and amortization	465,471	448,683
Loss on disposal of equipment	78,881	-
Debt forgiveness	(119,077)	-
Loan refinance costs	19,566	-
Donated securities	(120,105)	(102,480)
Realized loss on sale of donated securities	749	156
Gain from differential under interest swap agreement	(12,157)	(20,080)
Change in discount for present value of unconditional promises	7,544	(32,741)
Bad debt expense	1,088	14,417
Fund activities		
Unrealized (gain) loss on investments	(279,262)	102,538
Realized gain on sale of investments	(48,971)	(56,562)
Reinvested interest and dividends	(12,649)	(8,996)
Investment management fees and expenses	29,574	30,230
(Increase) decrease in:		
Unconditional promises to give	(477,641)	1,973,027
Prepaid expenses and other current assets	(58,072)	(29,744)
Deposits	(3,750)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(39,193)	(34,077)
Deferred revenue	157,463	1,528
Deferred rent credit	6,710	-
Net Cash Provided By Operating and Non-Operating Activities	<u>514,851</u>	<u>1,556,801</u>
Cash Flows From Investing Activities		
Proceeds from sale of donated securities	119,356	102,324
Fund activities		
Transfer of endowment contributions	(50,535)	(97,154)
Receipt of spending policy distribution	104,018	100,372
Capital expenditures	<u>(752,465)</u>	<u>(215,292)</u>
Net Cash Used By Investing Activities	<u>(579,626)</u>	<u>(109,750)</u>
Cash Flows From Financing Activities		
Loans received	258,031	128,585
Principal payments towards loans payable	(43,752)	(848,344)
Principal payments towards capital lease obligation	<u>(24,752)</u>	<u>(23,025)</u>
Net Cash Provided (Used) By Financing Activities	<u>189,527</u>	<u>(742,784)</u>
Net increase in cash and cash equivalents	124,752	704,267
Cash and cash equivalents, beginning of year	<u>1,200,570</u>	<u>496,303</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,325,322</u>	<u>\$ 1,200,570</u>
Supplemental Disclosures		
Interest paid (loans)	<u>\$ 45,291</u>	<u>\$ 79,312</u>
Interest paid (capital lease)	<u>\$ 122,248</u>	<u>\$ 123,975</u>
Non-cash information: loan refinance		
Principal loan repayment paid at closing by bank upon refinancing	<u>\$ 1,476,913</u>	<u>\$ -</u>
Loan refinance costs added to debt	<u>\$ 19,566</u>	<u>\$ -</u>

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a - **Organization**

Trinity Repertory Company (the "Organization") is a not-for-profit corporation located in Providence, Rhode Island. Founded in 1963, the Organization was established to promote the appreciation of theater through theatrical productions, provide and support facilities for education and instruction in the art of theater and to offer seminars, workshops and other programs relating to the art of theater.

b - **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

c - **Cash and Cash Equivalents**

For the purposes of the statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

d - **Fair Value Measurements**

All of the Organization's investments are held at The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The total Foundation's net assets are valued at approximately \$803 million stated at fair value (per December 31, 2016 audited financial statements) and the Organization's allocated share of the net assets as of June 30, 2017 and 2016 is approximately \$2.5 million or .3% (2017) and \$2.2 million or .3% (2016). Since all of the Organization's investments are invested in the Foundation, the Foundation's investment policy is included within these disclosures in order to provide further detail on how fair value has been determined by the Foundation.

The fair values of the financial instruments as of December 31, 2016 and 2015, represents management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

The Foundation follows generally accepted accounting principles ("GAAP") regarding the treatment of transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. GAAP requires that if a Not-for-Profit Organization ("NPO") establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

Investments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. Level 1 includes debt and equity securities that trade in an active exchange market, as well as U.S. Treasury securities;

Level 2 - observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d - Fair Value Measurements (continued)

Level 3 - unobservable inputs are used when little or no market data is available. Significant professional judgment is used in determining the fair value assigned to such assets or liabilities. This category includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Investment management and custody fees represent fees paid directly to the investment managers.

e - Investments

The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. The investment portfolio is allocated approximately 60% equity investments, 35% alternative investments, and 5% fixed income investments. The equity investments are further diversified into domestic, international and emerging markets. The alternative investments are further diversified into private equity, real assets and hedge/absolute return strategies. Additionally, the entire portfolio is diversified across economic sectors, geographic locations and industries.

Realized and unrealized investment gains or losses are determined by comparison of the asset cost basis to net proceeds received at the time of disposition on a first in first out basis (realized) and comparison of the difference between market values and the cost basis (unrealized), respectively. Dividend and interest income is recognized when earned.

f - Inventory

Concession inventory is stated at the lower of cost or market. The Organization also maintains certain scenery and costume inventories of past productions. The Organization is unable to determine future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original production.

g - Property and Equipment

Property and equipment acquired are recorded at cost per project. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000 (per project). Lesser amounts are expensed. Building, equipment and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements.

h - Contributions and Promises to Give

Contributions are recognized when received or when the donor makes a promise to give 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.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

i - Revenue Recognition and Deferred Revenue

Ticket sales and service charge and facility income are recognized as income in the period the show has taken place. MFA Program income and education and engagement income are recognized in the year that the student programs take place. Rental income, concession income and program advertising are recognized in the period the performance takes place or the period to which the fees relate.

Deferred revenue consists of advance subscription revenue, deferred education and unredeemed gift certificates which are all recognized in the period the performance takes place or the period to which the fees relate.

Trinity Repertory Company
Notes to Financial Statements
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j - **Advertising Costs**

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2017 and 2016 was \$294,030 and \$347,875, respectively.

k - **Production Costs**

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed prior to the issuance of the financial statements, all production costs have been expensed.

l - **Financial Statement Presentation**

The Organization presents its financial statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions or by the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations.

m - **Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

n - **Tax Status and Uncertain Tax Positions**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is obligated for unrelated business income tax on net income from program advertising. The Organization has incurred net losses from this activity; therefore, there is no tax liability on this unrelated business activity. As of June 30, 2017, the Organization had approximately \$320,000 in net operating losses carried forward, which begin to expire in the year 2029. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses. The Organization's Form 990, *Return of Organization Exempt from Income Tax* and Form 990-T, *Exempt Organization Business Income Tax Return*, for the years ended June 30, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties and interest included in these financial statements.

2. RESTRICTIONS ON NET ASSETS

a) **Board-Designated Net Assets**

Board-designated net assets consist of the following as of June 30:

	2017	2016
National Endowment for the Arts cash reserve	\$ 260,375	\$ 260,375
Cash reserve	-	100,000
Board-designated Net Assets	<u>\$ 260,375</u>	<u>\$ 360,375</u>

The National Endowment for the Arts ("NEA") cash reserve totaled \$260,375 as of June 30, 2017 and 2016. Investment earnings on these funds are unrestricted. During the year ended June 30, 2017, the Board approved a release of \$100,000 from Board-designated net assets.

Trinity Repertory Company
Notes to Financial Statements
June 30, 2017 and 2016

2. RESTRICTIONS ON NET ASSETS (CONTINUED)

b) **Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Future operations	\$ 668,823	\$ 1,106,351
Excess investment earnings - Fund (Note 6)	328,007	120,717
Total	<u>996,830</u>	<u>1,227,068</u>
Less: discount for present value (Note 4)	<u>(9,142)</u>	<u>(28,136)</u>
Temporarily Restricted Net Assets	<u><u>\$ 987,688</u></u>	<u><u>\$ 1,198,932</u></u>

c) **Permanently Restricted Net Assets/Endowment**

The Organization's endowment consists of several donor-restricted endowment funds established for specific purposes. As required by generally accepted accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Permanently restricted net assets are restricted for the following as of June 30:

	<u>2017</u>	<u>2016</u>
Chace Endowment	\$ 500,000	\$ 500,000
NEA Challenge Grant Endowment	435,000	435,000
NEA Challenge Grant Cash Reserve	262,500	262,500
Duke Endowment	213,194	213,194
Project Discovery Endowment	188,550	-
Richard Cumming Endowment Fund	152,563	118,661
General Endowment	130,258	123,101
Kavanaugh Fund	51,092	51,092
Eustis Endowment	45,650	45,650
Robert Clayton Black Fellowship Fund	39,925	33,925
John and Yvette Harpootian Fund	31,600	31,600
Claiborne and Nuala Pell Fund	30,100	30,100
Stephen Hamblett Memorial Fund	30,000	30,000
Rakatansky Endowment	30,000	30,000
Victoria Irene Ball Fund	24,572	24,572
Michael and Donna Lee Gennaro Fund	17,700	17,700
Margo Skinner Memorial Fund	16,375	16,375
Barbara Meek Memorial Fund	13,006	10,513
Ed Hall Fund	12,794	12,776
Tilles Family Endowment Fund	12,301	11,201
Permanently Restricted Net Assets	<u><u>\$ 2,237,180</u></u>	<u><u>\$ 1,997,960</u></u>

2. RESTRICTIONS ON NET ASSETS (CONTINUED)

c) Permanently Restricted Net Assets/Endowment (continued)

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. The purposes of the Organization and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effect of inflation and deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the Organization; and
- g. The investment policy of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk.

3. CONCENTRATION OF CREDIT RISK AND RESTRICTED CASH

The Organization maintains its cash and cash equivalent balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. One of the Organization’s accounts is insured by the National Credit Union Share Insurance Funds up to \$250,000. At June 30, 2017, the Organization’s cash and cash equivalents uninsured balances totaled \$777,335.

The Organization has obtained a letter of credit in the amount of \$50,008 as part of an obligation to post a bond under a collective bargaining agreement with the Actors’ Equity Association. The bond currently expires in September 2018.

4. UNCONDITIONAL PROMISES TO GIVE

When estimating fair value of unconditional promises to give, management considers the relationships with the donor, the donor’s past history of making timely payments, and the donor’s overall creditworthiness and incorporates the information into a fair value measurement computed using present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

Trinity Repertory Company
Notes to Financial Statements
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4. UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

Unconditional promises to give consist of the following as of June 30, 2017:

	Less Than One Year	One to Five Years	Total
Unrestricted	\$ 654,635	\$ -	\$ 654,635
Temporarily restricted	387,427	84,250	471,677
Permanently restricted	100,100	100,000	200,100
	<u>1,142,162</u>	<u>184,250</u>	<u>1,326,412</u>
Less: discount for present value	-	(20,592)	(20,592)
	<u><u>\$ 1,142,162</u></u>	<u><u>\$ 163,658</u></u>	<u><u>\$ 1,305,820</u></u>

Unconditional promises to give consist of the following as of June 30, 2016:

	Less Than One Year	One to Five Years	Total
Unrestricted	\$ 177,771	\$ -	\$ 177,771
Temporarily restricted	432,551	254,550	687,101
Permanently restricted	75	-	75
	<u>610,397</u>	<u>254,550</u>	<u>864,947</u>
Less: discount for present value	-	(28,136)	(28,136)
	<u><u>\$ 610,397</u></u>	<u><u>\$ 226,414</u></u>	<u><u>\$ 836,811</u></u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Life/Years	2017	2016
Land	n/a	\$ 100,000	\$ 100,000
Building and improvements	10-50	7,077,802	6,114,734
Leasehold property	Life of lease	1,800,000	1,800,000
Equipment	3-5	990,348	1,293,437
Furniture and fixtures	5-7	1,057,743	1,181,062
Leasehold improvements	10-20	601,072	606,406
		<u>11,626,965</u>	<u>11,095,639</u>
Less: accumulated depreciation and amortization		(6,641,554)	(6,617,501)
		<u><u>\$ 4,985,411</u></u>	<u><u>\$ 4,478,138</u></u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was \$465,471 and \$448,683, respectively.

On June 30, 2014, the Organization entered into an agreement with a board member for the sale of 87 Empire Street property (see Note 9).

During the year ended June 30, 2017, the Organization wrote off \$520,299 of equipment and the loss on disposal was \$78,881 due to equipment not being fully depreciated as of June 30, 2016.

Trinity Repertory Company
Notes to Financial Statements
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6. ASSETS HELD IN FUND

The Organization transfers all endowment monies received that are permanently restricted by the donor to The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The Foundation created The Fund for Trinity Repertory Company (the "Fund"). The Fund also maintains Board-designated net assets (Note 2a) for investment purposes. Any net excess investment earnings earned by the Fund after making an annual distribution to the Organization are further restricted and reflected within temporarily restricted net assets. During the years ended June 30, 2017 and 2016, the Fund's investments had a net gain of \$207,290 and net loss of (\$167,582), respectively. The balance within temporarily restricted is \$328,007 and \$120,717 as of June 30, 2017 and 2016, respectively (see Note 2b).

The Foundation manages its investment income spending policy by the "total return" method, which utilizes the Board-approved prudent spending rate percentage applied against a sixteen-quarter average investment portfolio market value. This method allows for the investments to be invested over the long term in order to achieve its primary investment objective. The Foundation's spending rate percentage ranges from 5% to 6.53%.

During the years ended June 30, 2017 and 2016, the Fund made a distribution of \$104,018 and \$100,372, respectively.

The assets of the Fund are commingled with other assets of the Foundation for investment purposes. The Foundation's audited financial statements for the years ended December 31, 2016 and 2015 are available upon request.

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2016 with the fair values reflected as of June 30, 2017:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Short term investments:	\$ 114,169	\$ -	\$ 114,169
Cash and cash equivalents	1,511	-	1,511
Mutual funds and common trust funds:			
Equity	630,273	-	630,273
Real estate	30,957	-	30,957
Treasury inflation protected securities	55,816	-	55,816
Common stocks, preferred stock, and bonds:			
Small-cap funds	81,162	-	81,162
Short duration bonds	161,278	-	161,278
International funds - equities and fixed income:			
Emerging markets: equity	114,209	-	114,209
Developed markets: equity	508,089	-	508,089
Hedge funds/flexible capital:			
Multiple strategies	-	545,197	545,197
Private equity:			
Private equity and venture capital funds	-	133,380	133,380
Real assets/inflation hedging:			
Treasury inflation protected securities	-	20,308	20,308
Real estate and natural resources	-	77,953	77,953
	<u>\$ 1,697,464</u>	<u>\$ 776,838</u>	<u>\$ 2,474,302</u>

Trinity Repertory Company
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6. ASSETS HELD IN FUND (CONTINUED)

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2015 with the fair values reflected as of June 30, 2016:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Short term investments:	\$ 127,343	\$ -	\$ 127,343
Cash and cash equivalents	1,141	-	1,141
Mutual funds and common trust funds:			
Equity	531,634	-	531,634
Real estate	44,692	-	44,692
Common stocks, preferred stock, and bonds:			
Small-cap funds	63,714	-	63,714
Short duration bonds	114,849	-	114,849
International funds - equities and fixed income:			
Emerging markets: equity	99,898	-	99,898
Developed markets: equity	422,078	-	422,078
Developed markets: fixed	59,908	-	59,908
Real assets/inflation hedging:			
Commodities	34,282	-	34,282
Hedge funds/flexible capital:			
Multiple strategies	-	508,659	508,659
Private equity:			
Private equity and venture capital funds	-	119,566	119,566
Real assets/inflation hedging:			
Treasury inflation protected securities	-	27,793	27,793
Real estate and natural resources	-	60,920	60,920
	<u>\$ 1,499,539</u>	<u>\$ 716,938</u>	<u>\$ 2,216,477</u>

The Organization is the income beneficiary of permanent endowment funds established with the Foundation. The fair value was approximately \$75,276 and \$69,167 at June 30, 2017 and 2016, respectively. These funds are considered assets of the Foundation and therefore, are not included in the Organization's financial statements. Interest earned on these endowment funds is distributed to the Organization by the Foundation in the form of grants on a periodic basis. These grants are included in contributions in the accompanying statements of activities.

Investment income (loss) consists of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Unrealized gain (loss) on investments	\$ 279,262	\$ (102,538)
Realized gain on sale of investments	48,971	56,562
Interest and dividends	12,649	8,996
Management fees and expenses	(29,574)	(30,230)
Total Investment Income (Loss)	311,308	(67,210)
Spending policy distribution	(104,018)	(100,372)
Net Investment Income (Loss)	<u>\$ 207,290</u>	<u>\$ (167,582)</u>

Trinity Repertory Company
Notes to Financial Statements
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7. LOANS PAYABLE

Loans payable consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Term loan 1 and line of credit	\$ 1,706,248	\$ -
Term loan 2	-	1,272,403
PBLF loan	-	319,077
Total	<u>\$ 1,706,248</u>	<u>\$ 1,591,480</u>

Term loan 1:

During the year ended June 30, 2017, the Organization entered into a 20-year loan agreement with a financial institution in the amount of \$1,750,000 (\$1,706,248 outstanding at June 30, 2017). Interest on term loan is due monthly at the thirty-day London Interbank Offered Rate (LIBOR) plus 2.0% (2.52% as of June 30, 2017). Term loan has a first position Open-End Equity Mortgage, Security Agreement and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. The term loan contains certain administrative and restrictive financial covenants which provide for, among other things, minimum debt service coverage ratio and actual results must be within 105% of board approved budget. As of June 30, 2017, the Organization was in compliance with these covenants.

In addition, the Organization entered into a 3-year line of credit agreement with a bank which provides for maximum borrowings of \$300,000 with annual interest of prime plus 1% (4.25% as of June 30, 2017). Line of credit has a second position Open-End Equity Mortgage, Security Agreement and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. No amounts were borrowed during the year ended June 30, 2017.

Loan payable is due as follows at June 30:

Due during the year ending June 30, 2018	\$ 87,504
“ “ “ “ “ June 30, 2019	87,504
“ “ “ “ “ June 30, 2020	87,504
“ “ “ “ “ June 30, 2021	87,504
“ “ “ “ “ June 30, 2022	87,504
Thereafter through November 30, 2036	<u>1,268,728</u>
Total Amount Due	1,706,248
Less: long-term portion	<u>(1,618,744)</u>
Current Portion	<u>\$ 87,504</u>

Term loan 2:

Term loan's principal was due and payable in variable annual installments starting with \$25,000 annual payments commencing June 30, 2011 with a balloon payment due October 8, 2017 in the amount of \$1,200,000. Term loan had a certain second position Open-End Equity Mortgage, Security Agreement and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures.

Term loan contained certain administrative and restrictive financial covenants which provide for, among other things, minimum debt service coverage ratio and earnings before interest, taxes and amortization (EBITA) requirements. As of June 30, 2016, the Organization was in compliance relative to the minimum debt service coverage ratio.

7. LOANS PAYABLE (CONTINUED)

Term loan 2 (continued):

Interest on term loan was due monthly at the thirty-day London Interbank Offered Rate (LIBOR) plus 2.0%. On March 16, 2011, the Organization entered into an interest swap agreement on term loan to reduce the impact of changes in interest rates on its floating rate on the \$1.5m original long-term debt. The fixed interest rate the Organization was paying was 2.75%. The Mark to Market ("MTM") differential gain for the years ended June 30, 2017 and 2016 was \$12,157 and \$20,080, respectively. The MTM cumulative differential loss for the year ended June 30, 2016 was (\$35,157). The MTM valuation represents the bank's estimate of the net present value of the expected cash flows from each transaction between the Organization and the bank which is subject to the Derivatives Contract using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation. The interest rate swap agreement matured at the time the related note matured. During year ended June 30, 2017, the Organization fully repaid term loan including \$23,000 that was paid for interest swap agreement cancellation.

PBLF loan:

The Organization had a loan due to The Providence Business Loan Fund (PBLF), formerly the Providence Economic Development Partnership (PEDP). The principal balance of the loan was to be repaid after ten years with no interest and/or principal payments for the first ten years (the first payment is due November 1, 2020 with the final payment due November 1, 2030). PBLF had filed mortgages on real property located at 201 Washington Street and a perfected security interest in all assets of the Organization. Amortization of principal and monthly interest at an annual rate of 5% was payable over the next ten years commencing November 1, 2020. During the year ended June 30, 2017, the Organization entered into an agreement with PBLF for an early repayment of \$200,000 and PBLF forgave the remaining balance of \$119,077.

Construction loan:

On September 26, 2012, the Organization entered into a line of credit agreement with a bank which provides for maximum borrowings of \$1,000,000 to be used for the upgrades to the fire system as required by the local fire codes (see Note 8e). The line of credit is secured by a second mortgage filing on the real estate and improvements and Assignment of Leases and Rents with respect to 201 Washington Street. Interest is due monthly at the thirty-day London Interbank Offered Rate (LIBOR) plus 2.0%. Upon the completion of construction, the line of credit shall convert to a 20-year term loan, principal due and payable in monthly installments with a balloon payment due at maturity no later than October 1, 2022. The Organization negotiated modifications to line of credit and bank agreed to extend maturity date to September 26, 2016. The Organization repaid the line of credit in full as of June 30, 2016. The line of credit contained certain administrative and restrictive financial covenants which provided for, among other things, minimum debt service coverage ratio and actual results must be within 105% of board approved budget. As of June 30, 2016, the Organization was not in compliance with these covenants and obtained a waiver from the bank.

Interest expense for the above loans for the years ended June 30, 2017 and 2016 was \$45,291 and \$79,312, respectively.

8. COMMITMENTS AND CONTINGENCIES

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization has two employment agreements which terms are through September 15, 2020. The aggregate commitment under these agreements was approximately \$1,027,615 at June 30, 2017.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- c) The Organization contributes to three multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, the vast majority of the multiemployer plans to which it contributes are adequately funded under the applicable provisions of the Pension Protection Act enacted in 2006 (PPA). Two funds are in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any.

Under applicable law upon its ceasing to make contributions to, or other "withdrawal" from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization's proportionate share of the plan's unfunded vested liabilities. The Organization believes that under such circumstances, if a Fund were to seek to assess such contribution obligation upon the Organization's alleged "withdrawal," the Organization would have significant defenses against such assessment under applicable law.

The Organization cannot determine at this time the impact that any alleged withdrawal from the affected plans may have on the financial position, results of operations or cash flows.

Approximately 18% (2017) and 27% (2016) of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was \$180,875 and \$189,860 for the years ended June 30, 2017 and 2016, respectively.

- d) In 1989, the Organization entered into an agreement with a key employee for post-employment benefits. Since the benefits are for past services, the estimated present value of the obligation was originally recorded during the year the obligation was entered into, fiscal 1989. The amount payable to the key employee for these post-employment benefits was calculated using a life time expectancy of 86 and the key employee reached the age of 86 in 2013. The annual cash obligation is \$50,000 per year and will continue until the death of the key employee.
- e) The Organization entered into a Memorandum of Agreement ("MOA") with Brown University in September 2013 (renews automatically) to combine the academic resources of Brown University with the professional expertise of the Organization to produce graduate academic programs (The Brown/Trinity MFA in Acting and Directing Program). The MOA provides for two years' advance notice of the intention by either party to terminate the program. As of June 30, 2017, management has represented that neither party has provided such notice.
- f) The Organization has been named in one claim for personal injury sustained at the Organization's premises. The Organization's insurance company is currently handling the claim. Management believes that the insurance coverage is sufficient to cover any claims which may be realized.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- g) The Organization is obligated to have the theater updated to comply with the current fire code laws. The City of Providence (the "City") is aware and working with the Organization on a long-term plan for compliance. In April 2016, the City reevaluated what further improvements need to be done for the Organization. The Organization believes that they are currently in compliance and awaiting confirmation from the fire Marshal.

Per an agreement with the State of Rhode Island and Providence Plantations, the Organization was awarded \$4,647,750 for the Lederer Theater and the Pell Chafee Performance Center, both in Providence, used for performance facilities, educational instruction, production and administration. Of the total, \$1,500,000 was granted to reimburse the Organization for fire code improvements made prior to July 1, 2015 and was reflected within unrestricted capital contributions as of June 30, 2015. The remaining funds are conditional and are not recorded within the accompanying financial statements until completion of such projects. During the years ended June 30, 2017 and 2016, \$912,386 and \$176,876, respectively, was recorded for completed projects.

- h) Relative to the Organization's investments held by the Foundation (Note 1d), private equity and real estate investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain.
- i) The Organization occupies warehouse space under a lease which has a term expiring June 30, 2027. The approximate future minimum annual rental payments are as follows:

Due during the year ending June 30, 2018	\$	40,000
" " " " " June 30, 2019		40,000
" " " " " June 30, 2020		45,000
" " " " " June 30, 2021		45,000
" " " " " June 30, 2022		45,000
Thereafter through June 30, 2027		<u>247,500</u>
Total Amount Due	\$	<u>462,500</u>

Accounting principles generally accepted in the United States of America require the Organization to amortize the aggregate of the total minimum lease payments (net of expected shortfall provision payments) on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its leases is recorded as deferred rent in the statement of financial position. Deferred rent as of June 30, 2017 was \$6,710.

Trinity Repertory Company
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June 30, 2017 and 2016

9. CAPITAL LEASE OBLIGATION

On June 30, 2014, the Organization entered into an agreement with a board member for the sale of 87 Empire Street property. The sale price was determined by an independent appraisal that was completed in April 2014. The purchase was conditioned upon execution of a lease by the Organization and guaranteed by Brown University.

The Organization has signed a lease with the board member (purchaser) to lease back the premises sold to him on June 30, 2014. The lease is for an initial term of eleven years, with additional two renewal options by the Organization for an additional ten years. The Organization is responsible for all costs of maintaining the property including utilities, real estate taxes and capital expenditures.

The Organization has reflected the lease as a capital lease since the present value of the minimum lease payments exceed 90% of the excess of the fair value of the leased property. The Organization has reflected the capital lease at the appraised fair market value of \$1,800,000. The economic substance of the capital lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded within the Organization's assets and liabilities.

The lease provides for minimum annual payments as follows as of June 30, 2017:

Year ending June 30, 2018	\$ 147,000
“ “ “ “ 2019	147,000
“ “ “ “ 2020	149,940
“ “ “ “ 2021	152,938
“ “ “ “ 2022	155,967
Thereafter through June 30, 2035	<u>2,335,885</u>
Total lease payments	3,088,730
Less: amount representing interest	<u>(1,483,507)</u>
Net Principal Due as of June 30, 2017	1,605,223
Less: long-term portion	<u>(1,458,223)</u>
Current Portion	<u><u>\$ 147,000</u></u>

10. EMPLOYEE BENEFIT PLAN

The Organization currently has a 401(k) salary deferral plan. The plan is employee contributory only. The Organization suspended their 403(b) salary deferral plan (employee contributory only) and money purchase plan (employer contributory only) several years ago.

11. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Trinity Repertory Company
Notes to Financial Statements
June 30, 2017 and 2016

12. DONATED SERVICES AND MATERIALS

The Organization received donated services and materials during the years ended June 30, 2017 and 2016 in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements.

Donated services and materials consist of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Advertising	\$ 456,250	\$ 438,000
Rent (Administrative office and MFA program building)	111,600	-
Professional services (accounting, IT and legal)	55,016	56,728
Volunteer services (ushers)	47,837	54,922
Furniture, clothing and other	28,604	10,762
Airline tickets	6,535	10,000
Food and catering services	5,360	5,682
	<u>\$ 711,202</u>	<u>\$ 576,094</u>

13. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 24, 2017, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees of
Trinity Repertory Company

We have audited the financial statements of Trinity Repertory Company as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated October 24, 2017, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2017 with comparative totals for 2016 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

WithumSmith+Brown, PC

October 24, 2017

Trinity Repertory Company
Schedule of Functional Expenses
For the Year Ended June 30, 2017 with Comparative Totals for 2016

	Program Services	Supporting Services			2017	2016
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 5,010,349	\$ 374,112	\$ 382,790	\$ 756,902	\$ 5,767,251	\$ 5,781,271
Production costs	650,661	-	-	-	650,661	727,156
Rent, utilities and maintenance	614,659	45,895	46,960	92,855	707,514	687,438
Donated services and materials	678,109	31,640	1,453	33,093	711,202	576,094
Bad debt expense	-	-	1,088	1,088	1,088	14,417
Advertising and marketing	294,030	-	-	-	294,030	347,875
Office expenses	347,136	25,920	26,521	52,441	399,577	422,197
Interest expense	122,248	45,291	-	45,291	167,539	203,287
Indirect benefit expense	-	-	8,050	8,050	8,050	6,271
Consulting fees and development	80	27,508	51,858	79,366	79,446	73,792
Miscellaneous	48,027	3,586	3,669	7,255	55,282	63,716
Insurance	62,621	4,676	4,784	9,460	72,081	70,749
Artistic expenses	103,817	-	-	-	103,817	56,381
Dues and memberships	13,952	-	15,600	15,600	29,552	47,228
Travel and entertainment	63,759	3,604	10,200	13,804	77,563	104,160
Professional fees	-	51,450	-	51,450	51,450	74,147
Total expenses before depreciation and amortization	8,009,448	613,682	552,973	1,166,655	9,176,103	9,256,179
Depreciation and amortization	404,382	30,194	30,895	61,089	465,471	448,683
Total 2017 Expenses	<u>\$ 8,413,830</u>	<u>\$ 643,876</u>	<u>\$ 583,868</u>	<u>\$ 1,227,744</u>	<u>\$ 9,641,574</u>	
Total 2016 Expenses	<u>\$ 8,350,094</u>	<u>\$ 651,188</u>	<u>\$ 703,580</u>	<u>\$ 1,354,768</u>		<u>\$ 9,704,862</u>

See independent auditor's report on supplemental information.