

**TRINITY REPERTORY COMPANY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2018 AND 2017**

**WITH INDEPENDENT AUDITOR'S REPORT**

**Trinity Repertory Company**  
**June 30, 2018 and 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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 22, 2018

Trinity Repertory Company  
Statements of Financial Position  
June 30, 2018 and 2017

	2018				2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Assets</b>								
Current Assets								
Cash and cash equivalents	\$ 1,560,379	\$ 61,469	\$ 5	\$ 1,621,853	\$ 1,128,066	\$ 197,146	\$ 110	\$ 1,325,322
Unconditional promises to give	521,548	280,328	172,256	974,132	654,635	387,427	100,100	1,142,162
Prepaid expenses and other current assets	196,601	-	-	196,601	176,049	-	-	176,049
Total Current Assets	2,278,528	341,797	172,261	2,792,586	1,958,750	584,573	100,210	2,643,533
Unconditional promises to give	-	322,550	80,771	403,321	-	75,108	88,550	163,658
Property and equipment, at cost, net of accumulated depreciation and amortization	5,906,245	-	-	5,906,245	4,985,411	-	-	4,985,411
Assets held in Fund	97,875	436,468	2,296,662	2,831,005	97,875	328,007	2,048,420	2,474,302
Deposits	7,450	-	-	7,450	6,950	-	-	6,950
<b>Total Assets</b>	<b>\$ 8,290,098</b>	<b>\$ 1,100,815</b>	<b>\$ 2,549,694</b>	<b>\$ 11,940,607</b>	<b>\$ 7,048,986</b>	<b>\$ 987,688</b>	<b>\$ 2,237,180</b>	<b>\$ 10,273,854</b>
<b>Liabilities and Net Assets</b>								
Liabilities								
Current Liabilities								
Loans payable	\$ 87,504	\$ -	\$ -	\$ 87,504	\$ 87,504	\$ -	\$ -	\$ 87,504
Accounts payable and accrued expenses	212,063	-	-	212,063	410,812	-	-	410,812
Deferred revenue	1,318,516	-	-	1,318,516	1,356,001	-	-	1,356,001
Capital lease obligation	147,000	-	-	147,000	147,000	-	-	147,000
Total Current Liabilities	1,765,083	-	-	1,765,083	2,001,317	-	-	2,001,317
Deferred rent credit	12,289	-	-	12,289	6,710	-	-	6,710
Capital lease obligation	1,431,615	-	-	1,431,615	1,458,223	-	-	1,458,223
Loans payable	1,531,240	-	-	1,531,240	1,618,744	-	-	1,618,744
Total Liabilities	4,740,227	-	-	4,740,227	5,084,994	-	-	5,084,994
Commitments and contingencies								
Net Assets								
Property and equipment, net of capital lease obligation	4,327,630	-	-	4,327,630	3,380,188	-	-	3,380,188
Board-designated	260,375	-	-	260,375	260,375	-	-	260,375
Accumulated deficit	(1,038,134)	-	-	(1,038,134)	(1,676,571)	-	-	(1,676,571)
Total Unrestricted Net Assets	3,549,871	-	-	3,549,871	1,963,992	-	-	1,963,992
Temporarily Restricted Net Assets	-	1,100,815	-	1,100,815	-	987,688	-	987,688
Permanently Restricted Net Assets	-	-	2,549,694	2,549,694	-	-	2,237,180	2,237,180
Total Net Assets	3,549,871	1,100,815	2,549,694	7,200,380	1,963,992	987,688	2,237,180	5,188,860
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,290,098</b>	<b>\$ 1,100,815</b>	<b>\$ 2,549,694</b>	<b>\$ 11,940,607</b>	<b>\$ 7,048,986</b>	<b>\$ 987,688</b>	<b>\$ 2,237,180</b>	<b>\$ 10,273,854</b>

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

Trinity Repertory Company  
Statements of Activities  
For the Years Ended June 30, 2018 and 2017

	2018				2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Operating Activities</b>								
<b>Public Support and Other Revenue</b>								
Public Support								
Government	\$ 253,791	\$ 30,000	\$ -	\$ 283,791	\$ 195,328	\$ 14,900	\$ -	\$ 210,228
Foundations	419,449	162,095	-	581,544	409,056	72,500	-	481,556
Corporations	170,907	50,000	-	220,907	140,124	35,000	-	175,124
Individuals and family foundations	668,179	326,249	-	994,428	637,850	161,170	-	799,020
Fundraising benefits	574,325	-	-	574,325	541,286	-	-	541,286
Less: direct costs of fundraising benefits	(331,199)	-	-	(331,199)	(274,007)	-	-	(274,007)
Donated services and materials	734,987	-	-	734,987	711,202	-	-	711,202
Spending policy distribution	115,218	-	-	115,218	104,018	-	-	104,018
Net assets released from restrictions								
Individuals and family foundations	444,474	(444,474)	-	-	473,307	(473,307)	-	-
Foundations	69,304	(69,304)	-	-	186,447	(186,447)	-	-
Corporations	35,000	(35,000)	-	-	15,000	(15,000)	-	-
Government	14,900	(14,900)	-	-	27,350	(27,350)	-	-
Total Public Support	3,169,335	4,666	-	3,174,001	3,166,961	(418,534)	-	2,748,427
Other Revenue								
Ticket sales	3,247,274	-	-	3,247,274	2,850,617	-	-	2,850,617
Service charge and facility income	406,200	-	-	406,200	355,321	-	-	355,321
MFA Program income	2,662,000	-	-	2,662,000	2,591,919	-	-	2,591,919
Rental income	44,533	-	-	44,533	32,195	-	-	32,195
Concession income, net of cost of goods sold	111,058	-	-	111,058	95,447	-	-	95,447
Education and engagement income	256,332	-	-	256,332	268,014	-	-	268,014
Interest income	6,559	-	-	6,559	6,976	-	-	6,976
Program advertising	75,155	-	-	75,155	94,030	-	-	94,030
Miscellaneous income	13,424	-	-	13,424	12,967	-	-	12,967
Total Public Support and Other Revenue	9,991,870	4,666	-	9,996,536	9,474,447	(418,534)	-	9,055,913
<b>Expenses</b>								
Program Services	8,568,303	-	-	8,568,303	8,413,830	-	-	8,413,830
Supporting Services								
Management and General	660,615	-	-	660,615	643,876	-	-	643,876
Fundraising	614,779	-	-	614,779	583,868	-	-	583,868
Total Supporting Services	1,275,394	-	-	1,275,394	1,227,744	-	-	1,227,744
Total Expenses	9,843,697	-	-	9,843,697	9,641,574	-	-	9,641,574
Increase (Decrease) in Net Assets Before Non-Operating Activities (carried forward)	148,173 *	4,666	-	152,839	(167,127) *	(418,534)	-	(585,661)
* Includes depreciation and amortization expense of \$515,783 (2018) and \$465,471 (2017)								
Increase in net assets before non-operating activities and depreciation expense	\$ 663,956				\$ 298,344			

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

Trinity Repertory Company  
Statements of Activities  
For the Years Ended June 30, 2018 and 2017

	2018				2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Increase (Decrease) in Net Assets Before Non-Operating Activities (brought forward)	\$ 148,173	\$ 4,666	\$ -	\$ 152,839	\$ (167,127)	\$ (418,534)	\$ -	\$ (585,661)
<b>Non-Operating Activities</b>								
Individuals and family foundations	-	-	312,514	312,514	-	-	239,220	239,220
Investment income	-	223,679	-	223,679	-	311,308	-	311,308
Spending policy distribution	-	(115,218)	-	(115,218)	-	(104,018)	-	(104,018)
Gain from differential under interest swap agreement	-	-	-	-	12,157	-	-	12,157
Loss on disposal of equipment	-	-	-	-	(78,881)	-	-	(78,881)
Debt forgiveness	-	-	-	-	119,077	-	-	119,077
Capital contributions								
Government	1,372,968	-	-	1,372,968	914,736	-	-	914,736
Foundations	56,600	-	-	56,600	45,948	-	-	45,948
Corporations	8,138	-	-	8,138	10,000	-	-	10,000
Individuals and family foundations	-	-	-	-	34,796	-	-	34,796
Total Non-Operating Activities	1,437,706	108,461	312,514	1,858,681	1,057,833	207,290	239,220	1,504,343
Increase (Decrease) in Net Assets	1,585,879	113,127	312,514	2,011,520	890,706	(211,244)	239,220	918,682
Net Assets, beginning of year	1,963,992	987,688	2,237,180	5,188,860	1,073,286	1,198,932	1,997,960	4,270,178
<b>Net Assets, End of Year</b>	<b>\$ 3,549,871</b>	<b>\$ 1,100,815</b>	<b>\$ 2,549,694</b>	<b>\$ 7,200,380</b>	<b>\$ 1,963,992</b>	<b>\$ 987,688</b>	<b>\$ 2,237,180</b>	<b>\$ 5,188,860</b>

**Trinity Repertory Company**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**

<b>Cash Flows From Operating and Non-Operating Activities</b>	<b>2018</b>	<b>2017</b>
Increase in net assets	\$ 2,011,520	\$ 918,682
Adjustments to reconcile increase in net assets to net cash provided by operating and non-operating activities:		
Depreciation and amortization	515,783	465,471
Donated securities	(163,982)	(120,105)
Change in discount for present value of unconditional promises	30,670	7,544
Realized loss on sale of donated securities	2,978	749
Bad debt expense	16,632	1,088
Loss on disposal of equipment	-	78,881
Debt forgiveness	-	(119,077)
Loan refinance costs	-	19,566
Gain from differential under interest swap agreement	-	(12,157)
Fund activities		
Unrealized gain on investments	(81,803)	(279,262)
Realized gain on sale of investments	(142,617)	(48,971)
Reinvested interest and dividends	(29,372)	(12,649)
Investment management fees and expenses	30,113	29,574
(Increase) decrease in:		
Unconditional promises to give	(118,935)	(477,641)
Prepaid expenses and other current assets	(20,552)	(58,072)
Deposits	(500)	(3,750)
Increase (decrease) in:		
Accounts payable and accrued expenses	(198,749)	(39,193)
Deferred revenue	(37,485)	157,463
Deferred rent credit	5,579	6,710
Net Cash Provided By Operating and Non-Operating Activities	<u>1,819,280</u>	<u>514,851</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of donated securities	161,004	119,356
Fund activities		
Transfer of endowment contributions	(248,242)	(50,535)
Receipt of spending policy distribution	115,218	104,018
Capital expenditures	<u>(1,436,617)</u>	<u>(752,465)</u>
Net Cash Used By Investing Activities	<u>(1,408,637)</u>	<u>(579,626)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments towards loans payable	(87,504)	(43,752)
Principal payments towards capital lease obligation	(26,608)	(24,752)
Loans received	-	258,031
Net Cash Provided (Used) By Financing Activities	<u>(114,112)</u>	<u>189,527</u>
Net increase in cash and cash equivalents	296,531	124,752
Cash and cash equivalents, beginning of year	<u>1,325,322</u>	<u>1,200,570</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,621,853</u>	<u>\$ 1,325,322</u>
<b>Supplemental Disclosures</b>		
Interest paid (loans)	<u>\$ 51,819</u>	<u>\$ 45,291</u>
Interest paid (capital lease)	<u>\$ 120,392</u>	<u>\$ 122,248</u>
Non-cash information: loan refinance		
Principal loan repayment paid at closing by bank upon refinancing	<u>\$ -</u>	<u>\$ 1,476,913</u>
Loan refinance costs added to debt	<u>\$ -</u>	<u>\$ 19,566</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 \$930 million stated at fair value (per December 31, 2017 audited financial statements) and the Organization's allocated share of the net assets as of June 30, 2018 and 2017 is approximately \$2.8 million or .3% (2018) and \$2.5 million or .3% (2017). 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, 2017 and 2016, 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 are recognized when earned.

**f - Inventory**

The Organization adopted Accounting Standards Update (ASU) 2015-11, Inventory (Topic 330) Simplifying the Measurement of Inventory. In accordance with ASU 2015-11, the Organization is required to measure its inventory at the lower of cost and net realizable value. Concession inventory is stated at the lower of cost or net realizable value. 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 fees, and unredeemed gift certificates which are all recognized in the period the performance takes place or the period to which the fees relate.

**j - Advertising Costs**

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2018 and 2017 was \$331,299 and \$294,030, 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, 2018, the Organization had approximately \$370,000 in net operating losses carried forward, which begin to expire in the year 2030. 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, 2017, 2016 and 2015 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**

The Board-designated net assets consist of The National Endowment for the Arts ("NEA") cash reserve which totaled \$260,375 as of June 30, 2018 and 2017. Investment earnings on these funds are unrestricted. During the year ended June 30, 2017, the Board approved release of \$100,000 from Board-designated net assets.

Trinity Repertory Company  
Notes to Financial Statements  
June 30, 2018 and 2017

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2. RESTRICTIONS ON NET ASSETS (CONTINUED)

b) **Temporarily Restricted Net Assets**

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

	<u>2018</u>	<u>2017</u>
Future operations	\$ 707,046	\$ 668,823
Excess investment earnings - Fund (Note 6)	436,468	328,007
Total	1,143,514	996,830
Less: discount for present value (Note 4)	(42,699)	(9,142)
Temporarily Restricted Net Assets	<u>\$ 1,100,815</u>	<u>\$ 987,688</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>2018</u>	<u>2017</u>
Chace Endowment	\$ 500,000	\$ 500,000
NEA Challenge Grant Endowment	435,000	435,000
Project Discovery Endowment	425,437	188,550
NEA Challenge Grant Cash Reserve	262,500	262,500
Duke Endowment	213,194	213,194
Richard Cumming Endowment Fund	190,451	152,563
General Endowment	133,693	130,258
Kavanaugh Fund	51,092	51,092
Eustis Endowment	45,650	45,650
Robert Clayton Black Fellowship Fund	42,925	39,925
John and Yvette Harpootian Fund	33,600	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
Heidi Keller Moon Fund for Project Discovery	25,000	-
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
Tilles Family Endowment Fund	15,601	12,301
Barbara Meek Memorial Fund	14,010	13,006
Ed Hall Fund	12,794	12,794
Permanently Restricted Net Assets	<u>\$ 2,549,694</u>	<u>\$ 2,237,180</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. See Note 6 investment income spending policy.

## 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, 2018, the Organization’s cash and cash equivalents uninsured balances totaled \$1,207,903.

The Organization has obtained a letter of credit in the amount of \$60,843 as part of an obligation to post a bond under a collective bargaining agreement with the Actors’ Equity Association. The bond currently expires in June 2019.

## 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. Unconditional promises to give to be received after one year are discounted at a rate of 5%. Uncollectible promises are expected to be insignificant.

**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, 2018:

	<b>Less Than One Year</b>	<b>Over One Year</b>	<b>Total</b>
Unrestricted	\$ 521,548	\$ -	\$ 521,548
Temporarily restricted	280,328	365,249	645,577
Permanently restricted	172,256	89,334	261,590
	<u>974,132</u>	<u>454,583</u>	<u>1,428,715</u>
Less: discount for present value	-	(51,262)	(51,262)
	<u>\$ 974,132</u>	<u>\$ 403,321</u>	<u>\$ 1,377,453</u>

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

	<b>Less Than One Year</b>	<b>Over One Year</b>	<b>Total</b>
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>\$ 1,142,162</u>	<u>\$ 163,658</u>	<u>\$ 1,305,820</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<b>Life/Years</b>	<b>2018</b>	<b>2017</b>
Land	n/a	\$ 100,000	\$ 100,000
Building and improvements	10-50	8,250,263	7,077,802
Leasehold property	Life of lease	1,800,000	1,800,000
Equipment	3-5	1,063,289	990,348
Furniture and fixtures	5-7	1,248,958	1,057,743
Leasehold improvements	10-20	601,072	601,072
		<u>13,063,582</u>	<u>11,626,965</u>
Less: accumulated depreciation and amortization		(7,157,337)	(6,641,554)
		<u>\$ 5,906,245</u>	<u>\$ 4,985,411</u>

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was \$515,783 and \$465,471, respectively.

**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, 2018 and 2017, the Fund's investments had a net gain of \$108,461 and net gain of \$207,290, respectively. The balance within temporarily restricted is \$436,468 and \$328,007 as of June 30, 2018 and 2017, 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, 2018 and 2017, the Fund made a distribution of \$115,218 and \$104,018, 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, 2017 and 2016 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, 2017 with the fair values reflected as of June 30, 2018:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Short term investments:	\$ 107,115	\$ -	\$ 107,115
Cash and cash equivalents	1,527	-	1,527
Mutual funds and common trust funds:			
Equity	757,939	-	757,939
Real estate	41,640	-	41,640
Treasury inflation protected securities	87,719	-	87,719
Common stocks, preferred stock, and bonds:			
Short duration bonds	185,553	-	185,553
International funds - equities and fixed income:			
Emerging markets: equity	146,638	-	146,638
Developed markets: equity	542,024	-	542,024
Developed markets: fixed	45,405	-	45,405
Hedge funds/flexible capital:			
Multiple strategies	-	653,481	653,481
Private equity:			
Private equity and venture capital funds	-	159,802	159,802
Real assets/inflation hedging:			
Treasury inflation protected securities	-	19,672	19,672
Real estate and natural resources	-	82,490	82,490
	<u>\$ 1,915,560</u>	<u>\$ 915,445</u>	<u>\$ 2,831,005</u>

**Trinity Repertory Company**  
**Notes to Financial Statements**  
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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, 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>

The Organization is the income beneficiary of permanent endowment funds established with the Foundation. The fair value was approximately \$78,495 and \$75,276 at June 30, 2018 and 2017, 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 consists of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Realized gain on sale of investments	\$ 142,617	\$ 48,971
Unrealized gain on investments	81,803	279,262
Interest and dividends	29,372	12,649
Management fees and expenses	(30,113)	(29,574)
Total Investment Income	223,679	311,308
Spending policy distribution	(115,218)	(104,018)
Net Investment Income	<u>\$ 108,461</u>	<u>\$ 207,290</u>



**Trinity Repertory Company**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**7. LOANS PAYABLE**

Term loan:

During the year ended June 30, 2017, the Organization restructured its long-term debt and entered into a 20-year loan agreement with a financial institution in the amount of \$1,750,000 (\$1,618,744 and \$1,706,248 outstanding at June 30, 2018 and 2017, respectively). Interest on term loan is due monthly at the thirty-day London Interbank Offered Rate (LIBOR) plus 2.0% (3.23% and 2.52% as of June 30, 2018 and 2017, respectively). 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, 2018 and 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% (6.00% and 4.25% as of June 30, 2018 and 2017, respectively). 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, 2018 and 2017.

Loan payable is due as follows at June 30:

Due during the year ending June 30, 2019	\$	87,504
“ “ “ “ “ June 30, 2020		87,504
“ “ “ “ “ June 30, 2021		87,504
“ “ “ “ “ June 30, 2022		87,504
“ “ “ “ “ June 30, 2023		87,504
Thereafter through November 30, 2036		<u>1,181,224</u>
Total Amount Due		1,618,744
Less: long-term portion		<u>(1,531,240)</u>
Current Portion	\$	<u>87,504</u>

Former Term loan:

Former 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. Former 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.

Former term loan contained certain administrative and restrictive financial covenants which provided for, among other things, minimum debt service coverage ratio and earnings before interest, taxes, and amortization (EBITA) requirements. As of June 30, 2017, the Organization was in compliance relative to the minimum debt service coverage ratio.

Interest on former 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, 2018 and 2017 was \$0 and \$12,157, respectively. 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.



## 7. LOANS PAYABLE (CONTINUED)

### Former 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 was 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.

### Former Construction loan:

On September 26, 2012, the Organization entered into a line of credit agreement with a bank which provided 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 was 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 was due monthly at the thirty-day London Interbank Offered Rate (LIBOR) plus 2.0%. Upon the completion of construction, the line of credit would 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, 2017.

Interest expense for the above loans for the years ended June 30, 2018 and 2017 was \$62,863 and \$45,291, 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 November 30, 2019 and September 15, 2020. The aggregate commitment under these agreements was approximately \$658,615 at June 30, 2018.
- 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.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c) continued

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 15% (2018) and 18% (2017) of the Organization’s employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was \$190,340 and \$180,875 for the years ended June 30, 2018 and 2017, 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, 2018, management has represented that neither party has provided such notice.
- f) The Organization has been named in three claims for personal injury sustained at the Organization’s premises. The Organization’s insurance company is currently handling the claims. Management believes that the insurance coverage is sufficient to cover any claims which may be realized.
- g) 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, 2018 and 2017, \$1,372,968 and \$912,386, 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.

**Trinity Repertory Company**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**8. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

- 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, 2019	\$	40,000
“ “ “ “ “ June 30, 2020		45,000
“ “ “ “ “ June 30, 2021		45,000
“ “ “ “ “ June 30, 2022		45,000
“ “ “ “ “ June 30, 2023		45,000
Thereafter through June 30, 2027		<u>202,500</u>
Total Amount Due	<u>\$</u>	<u>422,500</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, 2018 and 2017 was \$12,289 and \$6,710, respectively.

- j) The Organization entered into a 5-year license agreement with an internet-based customer relationship management system provider. The agreement has a renewal option. The Organization may terminate this agreement for any reason with written notice. Per the agreement, the internet-based customer relationship management system provider is entitled to a minimum annual charge and a percentage of sales in excess of a certain level.

**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 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.

**Trinity Repertory Company**  
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**June 30, 2018 and 2017**

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**9. CAPITAL LEASE OBLIGATION (CONTINUED)**

The lease provides for minimum annual payments as follows as of June 30, 2018:

Year ending June 30, 2019	\$ 147,000
“ “ “ “ 2020	149,940
“ “ “ “ 2021	152,938
“ “ “ “ 2022	155,967
“ “ “ “ 2023	159,117
Thereafter through June 30, 2035	<u>2,176,768</u>
Total lease payments	2,941,730
Less: amount representing interest	<u>(1,363,115)</u>
Net Principal Due as of June 30, 2018	1,578,615
Less: long-term portion	<u>(1,431,615)</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.

**12. DONATED SERVICES AND MATERIALS**

The Organization received donated services and materials during the years ended June 30, 2018 and 2017 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>2018</u>	<u>2017</u>
Advertising	\$ 458,700	\$ 456,250
Rent (Administrative office and MFA program building)	114,288	111,600
Professional services	61,307	55,016
Volunteer services (ushers)	45,072	47,837
Furniture, clothing and other	29,970	28,604
Airline tickets	16,400	6,535
Food and catering services	9,250	5,360
	<u>\$ 734,987</u>	<u>\$ 711,202</u>

**13. EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through October 22, 2018, 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, 2018 and 2017, and have issued our report thereon dated October 22, 2018, 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, 2018 with comparative totals for 2017 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 22, 2018

Trinity Repertory Company  
Schedule of Functional Expenses  
For the Year Ended June 30, 2018 with Comparative Totals for 2017

	Program Services	Supporting Services			2018	2017
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 5,001,335	\$ 376,357	\$ 400,311	\$ 776,668	\$ 5,778,003	\$ 5,767,251
Production costs	699,277	-	-	-	699,277	650,661
Rent, utilities and maintenance	554,693	42,097	46,034	88,131	642,824	707,514
Donated services and materials	693,912	39,395	1,680	41,075	734,987	711,202
Bad debt expense	-	-	16,632	16,632	16,632	1,088
Advertising and marketing	331,299	-	-	-	331,299	294,030
Office expenses	380,440	28,872	31,573	60,445	440,885	399,577
Interest expense	120,392	62,863	-	62,863	183,255	167,539
Indirect benefit expense	-	-	7,275	7,275	7,275	8,050
Consulting fees and development	103,057	38,092	1,730	39,822	142,879	79,446
Miscellaneous	34,606	2,626	2,872	5,498	40,104	55,282
Insurance	52,853	4,011	4,386	8,397	61,250	72,081
Artistic expenses	65,684	-	-	-	65,684	103,817
Dues and memberships	19,045	-	15,600	15,600	34,645	29,552
Travel and entertainment	66,641	5,404	49,749	55,153	121,794	77,563
Professional fees	-	27,121	-	27,121	27,121	51,450
Total expenses before depreciation and amortization	8,123,234	626,838	577,842	1,204,680	9,327,914	9,176,103
Depreciation and amortization	445,069	33,777	36,937	70,714	515,783	465,471
Total 2018 Expenses	<u>\$ 8,568,303</u>	<u>\$ 660,615</u>	<u>\$ 614,779</u>	<u>\$ 1,275,394</u>	<u>\$ 9,843,697</u>	
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>

See independent auditor's report on supplemental information.