TRINITY REPERTORY COMPANY

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2016 AND 2015

TRINITY REPERTORY COMPANY

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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 statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

WithumSmith+Brown, PC 1411 Broadway, 9th Floor, New York, New York 10018-3496 T (212) 751 9100 F (212) 750 3262 withum.com

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements for the year ended June 30, 2015, were audited by Fried and Kowgios Partners CPA's LLP, who merged with WithumSmith+Brown, PC effective August 1, 2016, and they expressed an unmodified opinion on the statements in their report dated October 20, 2015. No auditing procedures have been performed with respect to the June 30, 2015 financial statements since that date.

WithumSmith+Brown, PC

New York, New York
October 20, 2016

TRINITY REPERTORY COMPANY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016				2015			
Assets	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Current Assets								
Cash and cash equivalents	$ 518,820	$ 419,250	$ 262,500	$ 1,200,570	$ 111,094	$ 122,709	$ 262,500	$ 496,303
Unconditional promises to give	177,771	432,551	75	610,397	1,958,441	389,204	750	2,348,395
Prepaid expenses and other current assets	117,977	-	-	117,977	88,233	-	-	88,233
Total Current Assets	814,568	851,801	262,575	1,928,944	2,157,768	511,913	263,250	2,932,931
Unconditional promises to give	-	226,414	-	226,414	-	443,119	-	443,119
Property and equipment, at cost, net of accumulated depreciation and amortization	4,478,138	-	-	4,478,138	4,711,529	-	-	4,711,529
Assets held in Fund	360,375	120,717	1,735,385	2,216,477	360,375	288,299	1,638,231	2,286,905
Deposits	3,200	-	-	3,200	3,200	-	-	3,200
Total Assets	$ 5,656,281	$ 1,198,932	$ 1,997,960	$ 8,853,173	$ 7,232,872	$ 1,243,331	$ 1,901,481	$ 10,377,684
Liabilities and Net Assets								
Liabilities								
Current Liabilities								
Loans payable	$ 72,403	$ -	$ -	$ 72,403	$ 742,162	$ -	$ -	$ 742,162
Accounts payable and accrued expenses	163,002	-	-	163,002	217,159	-	-	217,159
Deferred revenue	1,198,538	-	-	1,198,538	1,197,010	-	-	1,197,010
Capital lease obligation	147,000	-	-	147,000	147,000	-	-	147,000
Total Current Liabilities	1,580,943	-	-	1,580,943	2,303,331	-	-	2,303,331
Capital lease obligation	1,482,975	-	-	1,482,975	1,506,000	-	-	1,506,000
Loans payable	1,519,077	-	-	1,519,077	1,569,077	-	-	1,569,077
Total Liabilities	4,582,995	-	-	4,582,995	5,378,408	-	-	5,378,408
Commitments and contingencies								
Net Assets								
Property and equipment, net of capital lease obligation	2,848,163	-	-	2,848,163	3,058,529	-	-	3,058,529
Board-designated	360,375	-	-	360,375	360,375	-	-	360,375
Accumulated deficit	(2,135,252)	-	-	(2,135,252)	(1,564,440)	-	-	(1,564,440)
Total Unrestricted Net Assets	1,073,286	-	-	1,073,286	1,854,464	-	-	1,854,464
Temporarily Restricted Net Assets	-	1,198,932	-	1,198,932	-	1,243,331	-	1,243,331
Permanently Restricted Net Assets	-	-	1,997,960	1,997,960	-	-	1,901,481	1,901,481
Total Net Assets	1,073,286	1,198,932	1,997,960	4,270,178	1,854,464	1,243,331	1,901,481	4,999,276
Total Liabilities and Net Assets	$ 5,656,281	$ 1,198,932	$ 1,997,960	$ 8,853,173	$ 7,232,872	$ 1,243,331	$ 1,901,481	$ 10,377,684

See notes to financial statements.

TRINITY REPERTORY COMPANY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
Operating Activities	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Public Support and Other Revenue								
Public Support								
Government	$ 153,235	$ 25,000	$ -	$ 178,235	$ 128,102	$ 20,000	$ -	$ 148,102
Foundations	189,077	53,000	-	242,077	331,496	185,500	-	516,996
Corporations	185,448	-	-	185,448	202,959	-	-	202,959
Individuals and family foundations	793,587	426,103	96,479	1,316,169	749,567	59,931	84,973	894,471
Fundraising benefits	503,332	-	-	503,332	440,734	-	-	440,734
Less: direct costs of fundraising benefits	(349,407)	-	-	(349,407)	(317,246)	-	-	(317,246)
Donated services and materials	576,094	-	-	576,094	521,079	-	-	521,079
Spending policy distribution	100,372	-	-	100,372	98,145	-	-	98,145
Net assets released from restrictions								
Individuals and family foundations	260,214	(260,214)	-	-	274,685	(274,685)	-	-
Foundations	74,451	(74,451)	-	-	2,000	(2,000)	-	-
Corporations	28,605	(28,605)	-	-	86,584	(86,584)	-	-
Government	17,650	(17,650)	-	-	-	-	-	-
Total Public Support	2,532,658	123,183	96,479	2,752,320	2,518,105	(97,838)	84,973	2,505,240
Other Revenue								
Ticket sales	3,051,963	-	-	3,051,963	2,618,558	-	-	2,618,558
Service charge and facility income	430,297	-	-	430,297	322,092	-	-	322,092
MFA Program income	2,246,851	-	-	2,246,851	2,176,615	-	-	2,176,615
Rental income	24,370	-	-	24,370	27,134	-	-	27,134
Concession income, net of cost of goods sold	93,077	-	-	93,077	40,936	-	-	40,936
Tuition income	243,567	-	-	243,567	282,128	-	-	282,128
Interest income	7,632	-	-	7,632	5,052	-	-	5,052
Program advertising	72,140	-	-	72,140	86,910	-	-	86,910
Miscellaneous income	15,060	-	-	15,060	15,333	-	-	15,333
Total Public Support and Other Revenue	8,717,615	123,183	96,479	8,937,277	8,092,863	(97,838)	84,973	8,079,998
Expenses								
Program Services	8,350,094	-	-	8,350,094	7,700,087	-	-	7,700,087
Supporting Services								
Management and General	651,188	-	-	651,188	614,284	-	-	614,284
Fundraising	703,580	-	-	703,580	692,088	-	-	692,088
Total Supporting Services	1,354,768	-	-	1,354,768	1,306,372	-	-	1,306,372
Total Expenses	9,704,862	-	-	9,704,862	9,006,459	-	-	9,006,459
Increase (Decrease) in Net Assets Before Non-Operating Activities (carried forward)	(987,247) *	123,183	96,479	(767,585)	(913,596) *	(97,838)	84,973	(926,461)
Decrease in net assets before non-operating activities and depreciation and amortization expense	$ (538,564)				$ (514,498)			

* Includes depreciation and amortization expense of $448,683 (2016) and $399,098 (2015)

See notes to financial statements.

TRINITY REPERTORY COMPANY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Increase (Decrease) in Net Assets Before Non-Operating Activities (brought forward)	$ (987,247)	$ 123,183	$ 96,479	$ (767,585)	$ (913,596)	$ (97,838)	$ 84,973	$ (926,461)
Non-Operating Activities								
Gain from differential under interest swap agreement	20,080	-	-	20,080	20,104	-	-	20,104
Investment income (loss)	-	(67,210)	-	(67,210)	-	-	19,439	19,439
Spending policy distribution	-	(100,372)	-	(100,372)	-	(78,706)	(19,439)	(98,145)
Capital contributions								
Government	185,989	-	-	185,989	1,752,619	-	-	1,752,619
Total Non-Operating Activities	206,069	(167,582)	-	38,487	1,772,723	(78,706)	-	1,694,017
Increase (Decrease) in Net Assets	(781,178)	(44,399)	96,479	(729,098)	859,127	(176,544)	84,973	767,556
Net Assets, beginning of year	1,854,464	1,243,331	1,901,481	4,999,276	995,337	1,419,875	1,816,508	4,231,720
Net Assets, End 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

See notes to financial statements.

TRINITY REPERTORY COMPANY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Cash Flows From Operating and Non-Operating Activities	**2016**	**2015**
Increase (Decrease) in net assets	$ (729,098)	$ 767,556
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating and non-operating activities:		
Depreciation and amortization	448,683	399,098
Donated securities	(102,480)	(98,613)
Realized loss on sale of donated securities	156	1,761
Gain from differential under interest swap agreement	(20,080)	(20,104)
Change in discount for present value of unconditional promises	(32,741)	(30,373)
Bad debt expense	14,417	11,030
Fund activities		
Unrealized (gain) loss on investments	102,538	(10,166)
Realized gain on sale of investments	(56,562)	(26,256)
Reinvested interest and dividends	(8,996)	(12,523)
Investment management fees and expenses	30,230	29,506
(Increase) decrease in:		
Unconditional promises to give	1,973,027	(1,335,408)
Prepaid expenses and other current assets	(29,744)	(965)
Deposits	-	200
Increase (decrease) in:		
Accounts payable and accrued expenses	(34,077)	(110,606)
Deferred revenue	1,528	(58,378)
Net Cash Provided (Used) By Operating and Non-Operating Activities	1,556,801	(494,241)
Cash Flows From Investing Activities		
Proceeds from sale of donated securities	102,324	96,852
Fund activities		
Transfer of endowment contributions	(97,154)	(87,526)
Receipt of spending policy distribution	100,372	98,145
Capital expenditures	(215,292)	(501,626)
Net Cash Used By Investing Activities	(109,750)	(394,155)
Cash Flows From Financing Activities		
Loans received	128,585	216,373
Principal payments towards loans payable	(848,344)	(50,000)
Principal payments towards capital lease obligation	(23,025)	(147,000)
Net Cash Provided (Used) By Financing Activities	(742,784)	19,373
Net increase (decrease) in cash and cash equivalents	704,267	(869,023)
Cash and cash equivalents, beginning of year	496,303	1,365,326
Cash and Cash Equivalents, End of Year	$ 1,200,570	$ 496,303
Supplemental Disclosures		
Interest paid (loans)	$ 79,312	$ 78,313
Interest paid (capital lease)	$ 123,975	$ -

See notes to financial statements.

Note 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 $733 million stated at fair value (per December 31, 2015 audited financial statements) and the Organization’s allocated share of the net assets as of June 30, 2016 is approximately $2.2 million or .3%. 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 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 following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash, receivables, note receivables, other assets (nonderivatives), trade accounts payable, grants payable and liability for funds held as agency endowments, the carrying amounts are at cost plus accrued interest, which approximate fair value because of the short maturity of these instruments.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements (continued)

- Investments:

Effective in 2015, the Foundation retrospectively adopted the provisions of ASU No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07). Among other things, ASU 2015-07 removes the requirement to classify, within the fair value hierarchy table in Levels 2 or 3, investments in certain funds measured at net asset value (NAV) when used as a practical expedient to estimate fair value. ASU 2015-07 also requires that any NAV - measured investments excluded from the fair value hierarchy table be summarized as an adjustment to the table so that such investments can be reconciled to investments reported in the statement of financial position. The adoption resulted only in changes to the Foundation's investment disclosures.

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 55% equity investments, 35% alternative investments, and 10% 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.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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. It is the Organization’s policy to capitalize expenditures for these items in excess of $5,000. 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.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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 tuition 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 tuition 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, 2016 and 2015 was $347,875 and $292,990, 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.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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 playbill 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, 2016, the Organization had approximately $350,000 in net operating losses carried forward, which begin to expire in the year 2028. 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 Organizations Exempt from Income Tax* and Form 990-T, *Exempt Organizations Business Income Tax Return*, for the years ended June 30, 2015, 2014 and 2013 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.

Note 2 - Restrictions on Net Assets

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

	2016	2015
National Endowment for the Arts cash reserve	$ 260,375	$ 260,375
Cash reserve	100,000	100,000
Board-designated Net Assets	$ 360,375	$ 360,375

The cash reserve of $100,000 is the balance of an original grant made by the Doris Duke Charitable Foundation (net of a board-designated $650,000 loan to operations). The National Endowment for the Arts ("NEA") cash reserve totaled $260,375 as of June 30, 2016 and 2015. Investment earnings on these funds are unrestricted.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 2 - Restrictions on Net Assets (continued)

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

	2016	2015
Future operations	$ 1,106,351	$ 967,597
Excess investment earnings - Fund (Note 6)	120,717	288,299
Total	1,227,068	1,255,896
Less: discount for present value (Note 4)	(28,136)	(12,565)
Temporarily Restricted Net Assets	$ 1,198,932	$ 1,243,331

c) Permanently restricted net assets, which are held by the Foundation (Note 6), consists of the following endowment funds as of June 30:

	2016	2015
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
General Endowment	123,101	119,133
Richard Cumming Endowment Fund	118,661	57,788
Kavanaugh Fund	51,092	51,092
Eustis Endowment	45,650	45,650
Robert Clayton Black Fellowship Fund	33,925	23,150
John & Yvette Harpootian Fund	31,600	29,100
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	10,850
Margo Skinner Memorial Fund	16,375	15,375
Ed Hall Fund	12,776	12,776
Tilles Family Endowment Fund	11,201	11,201
Barbara Meek Memorial Fund	10,513	-
Permanently Restricted Net Assets	$ 1,997,960	$ 1,901,481

The earnings on the endowments are to be used for the various program initiatives as stipulated by the donors.

Note 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, 2016, the Organization's cash and cash equivalents uninsured balances totaled $793,452.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 3 - Concentration of Credit Risk and Restricted Cash (continued)

The Organization has obtained a letter of credit in the amount of $48,410 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 2017.

Note 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%.

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
	610,397	254,550	864,947
Less: discount for present value	-	(28,136)	(28,136)
	$ 610,397	$ 226,414	$ 836,811

Unconditional promises to give consist of the following as of June 30, 2015:

	Less Than One Year	One to Five Years	Total
Unrestricted	$ 1,958,441	$ -	$ 1,958,441
Temporarily restricted	389,204	503,996	893,200
Permanently restricted	750	-	750
	2,348,395	503,996	2,852,391
Less: discount for present value	-	(60,877)	(60,877)
	$ 2,348,395	$ 443,119	$ 2,791,514

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30:

	Life/Years	2016	2015
Land	n/a	$ 100,000	$ 100,000
Building and improvements	10 - 50	6,114,734	5,928,190
Leasehold property	Life of lease	1,800,000	1,800,000
Equipment	3 - 5	1,293,437	1,293,437
Furniture and fixtures	5 - 7	1,181,062	1,152,314
Leasehold improvements	10 - 20	606,406	606,406
		11,095,639	10,880,347
Less: accumulated depreciation and amortization		(6,617,501)	(6,168,818)
		$ 4,478,138	$ 4,711,529

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was $448,683 and $399,098, 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).

Note 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, 2016 and 2015, the Fund’s investments had a net loss of ($167,582) and ($78,706), respectively. The balance within temporarily restricted is $120,717 and $288,299 as of June 30, 2016 and 2015, 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, 2016 and 2015, the Fund made a distribution of $100,372 and $98,145, respectively. Since net investment earnings from the Fund was a loss for the years ended June 30, 2016 and 2015, the Organization released $167,582 and $78,706, respectively, of excess investment earnings from temporarily restricted to cover the amount needed to fund the spending policy.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 6 - Assets Held in Fund (continued)

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, 2015 and 2014 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, 2015 with the fair values reflected as of June 30, 2016:

	Level 1	NAV	Total
As of June 30, 2016:			
Cash and cash equivalents	$ 127,343	$ -	$ 127,343
Mutual funds - fixed income:			
Bond fund non-lending	115,990	-	115,990
Mutual funds - equities:			
Traditional index funds non-lending	-	528,076	528,076
Equity mutual funds	3,558	-	3,558
Real estate	44,692	-	44,692
Common stocks, preferred stock and convertible bonds:			
Mid-cap funds	63,714	-	63,714
International funds - equities and fixed income:			
Emerging funds: equity	99,898	-	99,898
Development markets: equity	66,211	355,867	422,078
Development markets: fixed	-	59,908	59,908
Alternative investments			
Hedge funds/flexible capital:			
Multiple strategies	-	508,659	508,659
Private equity:			
Private equity and venture capital funds	-	119,566	119,566
Real estate/inflation hedging:			
Commodities	-	34,282	34,282
Treasury inflation protected securities	-	27,793	27,793
Real estate and natural resources	-	60,920	60,920
	$ 521,406	$ 1,695,071	$ 2,216,477

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

	2016	2015
Realized gain on sale of investments	$ 56,562	$ 26,256
Interest and dividends	8,996	12,523
Unrealized gain (loss) on investments	(102,538)	10,166
Management fees and expenses	(30,230)	(29,506)
Total Investment Income (Loss)	(67,210)	19,439
Spending policy distribution	(100,372)	(98,145)
Net Investment Loss	$ (167,582)	$ (78,706)

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 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, 2014 with the fair values reflected as of June 30, 2015:

As of June 30, 2015:	Level 1	NAV	Total
Cash and cash equivalents	$ 129,692	$ -	$ 129,692
Mutual funds - fixed income:			
Bond fund non-lending	106,290	-	106,290
Mutual funds - equities:			
Traditional index funds non-lending	-	467,432	467,432
Equity mutual funds	3,921	-	3,921
Real estate	45,596	-	45,596
Common stocks, preferred stock and convertible bonds:			
Mid-cap funds	196,041	-	196,041
International funds - equities and fixed income:			
Emerging funds: equity	119,178	-	119,178
Development markets: equity	66,485	346,316	412,801
Development markets: fixed	-	64,067	64,067
Alternative investments			
Hedge funds/flexible capital:			
Multiple strategies	-	476,424	476,424
Private equity:			
Private equity and venture capital funds	-	114,520	114,520
Real estate/inflation hedging:			
Commodities	-	46,746	46,746
Treasury inflation protected securities	-	42,831	42,831
Real estate and natural resources	-	61,366	61,366
	$ 667,203	$ 1,619,702	$ 2,286,905

The Organization is the income beneficiary of permanent endowment funds established with the Foundation. The fair value was approximately $69,167 and $74,578 at June 30, 2016 and 2015, 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.

Note 7 - Loans Payable

Loans payable consist of the following as of June 30:

	2016	2015
Term loan	$ 1,272,403	$ 1,322,403
PBLF loan	319,077	319,077
Construction loan	-	669,759
Total	$ 1,591,480	$ 2,311,239

Note 7 - <u>Loans Payable (continued)</u>

Term loan:
Term loan's principal is 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 has 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 contains 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 and 2015, the Organization was in compliance relative to the minimum debt service coverage ratio.

Interest on term loan is 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 is paying is 2.75%. The Mark to Market ("MTM") differential gain for the years ended June 30, 2016 and 2015 was $20,080 and $20,104, respectively. The MTM cumulative differential loss for the years ended June 30, 2016 and 2015 was ($35,157) and ($55,237), 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 matures at the time the related note matures.

On August 29, 2016, the Board of Trustees approved a proposal to refinance the term loan. The Organization is in a process of finalizing the refinance.

PBLF loan:
The Organization has a loan due to The Providence Business Loan Fund (PBLF), formerly the Providence Economic Development Partnership (PEDP). The principal balance of the loan is 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 has 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% will be payable over the next ten years commencing November 1, 2020.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Loans Payable (continued)

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 has 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 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, 2016, the Organization was not in compliance with these covenants and obtained a waiver from the bank. As of June 30, 2015, the Organization was in compliance with these covenants.

Loans payable are due as follows at June 30:

		2016	2015
Due during the year ending	June 30, 2016	$ -	$ 742,162
" " " " "	June 30, 2017	72,403	50,000
" " " " "	June 30, 2018	1,200,000	1,200,000
" " " " "	June 30, 2019	-	-
" " " " "	June 30, 2020	-	-
" " " " "	June 30, 2021	25,231	25,231
Thereafter through June 30, 2030		293,846	293,846
Total Amount Due		1,591,480	2,311,239
Less: long-term portion		(1,519,077)	(1,569,077)
Current Portion		$ 72,403	$ 742,162

Interest expense for the above loans for the years ended June 30, 2016 and 2015 was $79,312 and $78,313, respectively.

Note 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 $1,406,615 at June 30, 2016.

Note 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 27% of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was $189,680 and $174,657 for the years ended June 30, 2016 and 2015, 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.

Note 8 - Commitments and Contingencies (continued)

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, 2016, management has represented that neither party has provided such notice.

f) 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 Marshall.

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 year ended June 30, 2016, $176,876 was recorded for completed projects.

g) 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.

Note 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, 2016:

Year ending June 30, 2017	$ 147,000
" " " " 2018	147,000
" " " " 2019	147,000
" " " " 2020	149,940
" " " " 2021	152,938
Thereafter through June 30, 2035	2,491,852
Total lease payments	3,235,730
Less: amount representing interest	(1,605,755)
Net Principal Due as of June 30, 2016	1,629,975
Less: long-term portion	(1,482,975)
Current Portion	$ 147,000

Note 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.

TRINITY REPERTORY COMPANY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 11 - Donated Services and Materials

The Organization received donated services and materials during the years ended June 30, 2016 and 2015 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:

	2016	2015
Advertising	$ 438,000	$ 423,000
Professional services (accounting, IT and legal)	56,728	34,138
Volunteer services (ushers)	54,922	43,172
Furniture, clothing and other	10,762	8,918
Airline tickets	10,000	11,000
Food and catering services	5,682	851
	$ 576,094	$ 521,079

Note 12 - Functional Allocation of Expenses

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

Note 13 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 20, 2016, 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 year ended June 30, 2016, and have issued our report thereon dated October 20, 2016, which contained an unmodified opinion on those financial statements. Our audit was 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, 2016 with comparative totals for 2015 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.

The financial statements for the year ended June 30, 2015, were audited by Fried and Kowgios Partners CPA's LLP, who merged with WithumSmith+Brown, PC effective August 1, 2016 and they expressed an unmodified opinion on the statements in their report dated October 20, 2015. Their report, as of the same date, on the Schedule of Functional Expenses for the year ended June 30, 2015 stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2015, as a whole.

WithumSmith+Brown, PC

New York, New York
October 20, 2016

TRINITY REPERTORY COMPANY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

		Supporting Services			2016	2015
	Program Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	$ 4,962,514	$ 353,172	$ 465,585	$ 818,757	$ 5,781,271	$ 5,436,435
Production costs	727,156	-	-	-	727,156	673,045
Rent, utilities and maintenance	588,924	43,316	55,198	98,514	687,438	700,723
Donated services and materials	557,404	16,931	1,759	18,690	576,094	521,079
Bad debt expense	-	-	14,417	14,417	14,417	11,030
Advertising and marketing	347,875	-	-	-	347,875	292,990
Office expenses	361,693	26,604	33,900	60,504	422,197	364,417
Interest expense	123,975	79,312	-	79,312	203,287	78,313
Indirect benefit expense	-	-	6,271	6,271	6,271	6,054
Consulting fees and development	-	24,702	49,090	73,792	73,792	72,875
Miscellaneous	54,586	4,015	5,115	9,130	63,716	154,343
Insurance	60,610	4,458	5,681	10,139	70,749	87,774
Artistic expenses	56,381	-	-	-	56,381	25,017
Dues and memberships	30,282	1,346	15,600	16,946	47,228	56,900
Travel and entertainment	86,810	2,413	14,937	17,350	104,160	67,376
Professional fees	7,500	66,647	-	66,647	74,147	58,990
Total expenses before depreciation and amortization	7,965,710	622,916	667,553	1,290,469	9,256,179	8,607,361
Depreciation and amortization	384,384	28,272	36,027	64,299	448,683	399,098
Total 2016 Expenses	$ 8,350,094	$ 651,188	$ 703,580	$ 1,354,768	$ 9,704,862	
Total 2015 Expenses	$ 7,700,087	$ 614,284	$ 692,088	$ 1,306,372		$ 9,006,459

See independent auditor's report on supplemental information.