SCHALL & ASHENFARB Certified Public Accountants, LLC

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THEATRE FOR A NEW AUDIENCE, INC.

Audited Financial Statements

August 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors of
Theatre for a New Audience, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Theatre for a New Audience, Inc. (the "Organization"), which comprise the statements of financial position as of August 31, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theatre for a New Audience, Inc. as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 19 is presented for 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 to 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.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

February 21, 2018

THEATRE FOR A NEW AUDIENCE, INC.
STATEMENT OF FINANCIAL POSITION
AT AUGUST 31, 2017 AND 2016

	8/31/17	8/31/16
Assets		
Current assets:		
Cash and cash equivalents	$3,569,011	$849,151
Unconditional promises to give (Note 3)	1,964,157	2,499,517
Prepaid expenses and other assets	241,622	254,521
Other receivables, net	35,431	57,019
Total current assets	5,810,221	3,660,208
Non-current assets:		
Unconditional promises to give (Note 3)	488,765	1,489,302
Security deposit	2,063	7,303
Restricted cash (Note 5)	363,547	187,396
Escrow account (Note 5)	256,900	546,900
Cash - restricted for permanently restricted working capital reserve (Note 10)	435,000	435,000
Investments (Note 4)	7,148,400	6,689,413
Cash held in Section 457 Plans (Note 7)	709,923	586,718
Fixed assets, net (Note 6)	5,104,613	4,780,885
Total non-current assets	14,509,211	14,722,917
Total assets	$20,319,432	$18,383,125
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$359,483	$334,542
Deferred revenue	236,756	375,167
Note payable (Note 8)	0	500,000
Total current liabilities	596,239	1,209,709
Non-current liabilities:		
Liability under Section 457 Plans (Note 7)	709,923	586,718
Total liabilities	1,306,162	1,796,427
Net assets:		
Unrestricted	9,046,374	4,387,014
Temporarily restricted (Note 9)	2,398,741	4,643,660
Permanently restricted (Notes 10 and 11)	7,568,155	7,556,024
Total net assets	19,013,270	16,586,698
Total liabilities and net assets	$20,319,432	$18,383,125

The attached notes and auditor's report are an integral part of these financial statements.

THEATRE FOR A NEW AUDIENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	8/31/17	8/31/16
Changes In Unrestricted Net Assets:		
Revenues:		
Box office revenue	$1,404,487	$1,133,041
Box office ticket fees	85,708	81,704
Education revenue	120,158	140,545
Concession income (net, cost of sales of $45,230 and $42,977)	51,655	52,595
Investment income	37,800	40,841
Reimbursed expenses	14,351	36,581
Miscellaneous	25,492	17,167
Total revenues	1,739,651	1,502,474
Public support:		
Board	336,131	349,467
Individuals	544,296	426,286
Foundations and trusts	1,017,000	1,152,500
Corporations	87,005	63,000
Government	224,620	155,000
Special events revenue (net of expenses with a direct benefit to donors)	575,325	578,107
In-kind donations	111,574	153,275
Total public support	2,895,951	2,877,635
Net assets released from restrictions:		
Board-approved appropriation from endowment	283,946	267,038
Donor-approved release from restriction (Note 9)	1,766,237	533,669
Satisfaction of time and program restrictions (Note 9)	1,733,710	1,290,786
Total net assets released from restriction	3,783,893	2,091,493
Total revenues and public support	8,419,495	6,471,602
Expenses:		
Program services:		
Theatre/performances	4,944,408	4,566,898
Education	446,248	450,258
Total program services	5,390,656	5,017,156
Supporting services:		
Management and general	488,155	482,124
Fundraising	538,949	523,181
Capital project	561,524	521,763
Total supporting services	1,588,628	1,527,068
Total expenses (excluding depreciation)	6,979,284	6,544,224
Increase/(decrease) in unrestricted net assets from operations	$1,440,211	($72,622)

The attached notes and auditor's report are an integral part of these financial statements.

THEATRE FOR A NEW AUDIENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016
(CONTINUED)

	8/31/17	8/31/16
Increase/(decrease) in unrestricted net assets from operations (carried forward)	$1,440,211	($72,622)
Non-operating activity:		
Investment gains	431,611	162,834
Gain on sale of donated stock - Gilman (Note 15)	2,917,303	0
Depreciation expense	(129,765)	(121,454)
Total non-operating activity	3,219,149	41,380
Increase/(decrease) in unrestricted net assets	4,659,360	(31,242)
Changes In Temporarily Restricted Net Assets:		
Board	465,357	23,959
Individual	169,259	58,613
Foundations and trusts	181,500	125,826
Government	202,166	183,826
Special event revenue	17,000	21,000
Investment income	301,322	267,038
Other income	202,370	36,807
Board-approved appropriation from endowment to unrestricted	(283,946)	(267,038)
Donor-approved released from restriction (Note 9)	(1,766,237)	(533,669)
Net assets released from restriction - satisfaction of time and program restrictions (Note 9)	(1,733,710)	(1,290,786)
Net assets reclassified to permanently restricted (Notes 9 and 11)	0	(1,000,000)
Decrease in temporarily restricted net assets	(2,244,919)	(2,374,424)
Changes In Permanently Restricted Net Assets:		
Board	10,000	11,000
Individual	0	35,000
Investment income	2,131	0
Net assets reclassified from temporarily restricted (Notes 9 and 11)	0	1,000,000
Increase in permanently restricted net assets	12,131	1,046,000
Change in net assets	2,426,572	(1,359,666)
Net assets, beginning of year	16,586,698	17,946,364
Net assets, end of year	$19,013,270	$16,586,698

The attached notes and auditor's report are an integral part of these financial statements

THEATRE FOR A NEW AUDIENCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	8/31/17	8/31/16
Cash flows from operating activities:		
Change in net assets	$2,426,572	($1,359,666)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Net gain on investments	(559,970)	(286,215)
Depreciation expense	129,765	121,454
Changes in assets and liabilities:		
Unconditional promises to give	1,535,897	1,830,601
Prepaid expenses, other assets and other receivables	34,487	115,561
Security deposit	5,240	3,200
Restricted cash and escrow accounts	113,849	38,817
Accounts payable and accrued expenses	24,941	(24,099)
Deferred revenue	(138,411)	49,151
Total adjustments	1,145,798	1,848,470
Net cash provided by operating activities	3,572,370	488,804
Cash flows from investing activities:		
Purchase of investments	(2,661,144)	(3,895,400)
Proceeds from sales of investments	2,762,127	2,908,060
Purchase of fixed assets	(453,493)	(246,016)
Net cash used for investing activities	(352,510)	(1,233,356)
Cash flows from financing activities:		
Repayments of loan	(750,000)	(600,000)
Proceeds from loan	250,000	1,100,000
Net cash (used for)/provided by financing activities	(500,000)	500,000
Net increase/(decrease) in cash and cash equivalents	2,719,860	(244,552)
Cash and cash equivalents - beginning of year	849,151	1,093,703
Cash and cash equivalents - end of year	$3,569,011	$849,151
Supplemental information:		
Taxes paid	$0	$0
Interest paid	$5,413	$10,213

The attached notes and auditor's report are an integral part of these financial statements.

THEATRE FOR A NEW AUDIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 and 2016

Note 1 - Organization

Theatre for a New Audience, Inc. (the "Organization") was founded in 1979 to produce plays by Shakespeare alongside other classic plays and distinguished contemporary drama, for Off-Broadway audiences as well as students enrolled in New York City public schools. The Organization also tours nationally and internationally.

The Organization's major sources of revenue are contributions, box office receipts, endowment income and education revenue.

The Organization has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. The Organization has not been designated as a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting
The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation
Information regarding financial position and activities is reported according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions that expire within the same period.

- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities. (See Note 9.)

- *Permanently restricted* – represents those assets, which have been restricted by the donor and must remain intact, in perpetuity. (See Notes 10 and 11.)

c. Cash and Cash Equivalents
The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

d. Concentration of Credit Risk

Financial instruments which potentially create a concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. Investments are subject to market fluctuations and principal is not guaranteed. At year end at and at times during the year, the Organization had uninsured balances. The Organization has not experienced any losses due to the failure of any of these institutions.

e. Investments

Investments with readily available market prices are reflected at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized and realized gains and losses are included on the statement of activities. See Note 4 for additional information.

f. Unconditional Promises to Give

The Organization records unconditional promises to give as revenue at net realizable value, if expected to be received within one year or at fair value using a risk adjusted discounted rate of return, if expected to be received after one year.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are reviewed for collectability factoring in historical experience and information related to specific donors. Based on this evaluation, no allowance is deemed necessary.

g. Fixed Assets

Fixed assets that exceed predetermined levels are capitalized at cost or at fair value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

h. Fair Value Measurement

Investments are shown at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

i. Deferred Revenue

Box office revenue received in advance of the period in which the performance takes place is recorded as deferred income and is recognized as revenue when the performance takes place.

j. Contributions
Contributions are recorded as revenue at the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions, such as for the capital campaign and other programs or future time periods, are recorded in the temporarily restricted class of net assets. All other contributions are recorded as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, when a contribution has a restriction that is met in the period that the contribution is received, it is recorded as unrestricted.

k. Government Grants
The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are contributions.

l. Education Revenue
Income earned in connection with education is recognized as services are performed.

m. Advertising
Advertising costs of $406,201 and $380,919 for the years ended August 31, 2017 and 2016 respectively, are charged to operations when the advertising first takes place.

n. In-Kind Donations
Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided in-kind. Donated goods are recorded as contributions at fair value.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services have not been recorded in the financial statements, as they do not meet the criteria above.

The Organization received contributed legal services, which have been valued at $79,900 and $130,000 for the years ended August 31, 2017 and 2016 respectively. Additionally, the Organization received contributed ticket donations valued at $31,674 and $23,275 for the years ended August 31, 2017 and 2016, respectively.

o. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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

q. Accounting for Uncertainty of Income Taxes
The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2014 and later are subject to examination by applicable taxing authorities.

r. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through February 21, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date that would require adjustment to or disclosure in the financial statements.

s. New Accounting Pronouncements
On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the August 31, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for August 31, 2020 year, focuses on a principle based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the August 31, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

The Organization has not yet evaluated the impact these standards will have on future financial statements.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due in the following periods:

Year ending:	August 31, 2018	$1,964,157
	August 31, 2019	255,000
	August 31, 2020	80,000
	August 31, 2021	80,000
	August 31, 2022	80,000
	Thereafter	35,000
		2,494,157
Less: present value discount (3%)		(41,235)
Total		$2,452,922

Unconditional promises to give can be summarized as follows:

Unrestricted	$342,699
Restricted to future periods and programs	523,980
Restricted to capital campaign	1,586,243
Total	$2,452,922

Note 4 - Investments

All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets. The following summarizes the composition of investments as of August 31, 2017 and 2016:

	8/31/17	8/31/16
Cash	463,183	$444,927
Fixed Income:		
U.S. government agencies	141,490	0
U.S. corporate bonds	399,170	1,477,160
U.S. exchange traded funds	818,766	116,426
Real Estate:		
U.S.	551,394	320,704
International	0	180,643
Equities:		
Emerging Markets	423,515	315,403
International	1,868,456	1,371,586
U.S.	2,482,426	2,462,564
Total	$7,148,400	$6,689,413

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investments income consist of the following:

	8/31/17	8/31/16
Unrealized gain on investments	$531,499	$390,986
Realized gain/(loss) on sale of investments	28,471	(104,771)
Less: investment fees	(43,674)	(37,881)
Interest and dividends	256,568	222,379
Total	$772,864	$470,713

Note 5 - Restricted Cash and Escrow Account

The Organization has a lease with the City of New York ("the City"). Each year during the first thirty years of the lease, the Organization is required to deposit a scheduled amount into an interest-bearing segregated account, to be used for repair or replacement of any structural components of the building or equipment. The total amount to be deposited over the thirty-year period approximates $11 million. The balance on August 31, 2017 and 2016 was $363,547 and $187,396, respectively, after City approved expenditures for repairs.

Under a separate agreement with the City, the Organization has deposited funds into an escrow account held by the New York City Economic Development Corporation for expenses related to the cost of incorporating structural and mechanical infrastructure into the building, signage and millwork. At August 31, 2017 and 2016 the total amount on deposit in the escrow account was $256,900 and $546,900, respectively.

Note 6 - Fixed Assets

Fixed assets consist of the following:

	8/31/17	8/31/16	Life
Theater improvements	$4,852,123	$4,423,546	50 years
Furniture and fixtures	703,028	703,028	5 – 10 years
Computers and equipment	187,102	176,128	3 – 5 years
Leasehold improvements	73,532	59,590	5 – 7 years
	5,815,785	5,362,292	
Less: accumulated depreciation	(711,172)	(581,407)	
Total fixed assets, net	$5,104,613	$4,780,885	

Note 7 - Deferred Compensation Payable

The Organization established a deferred compensation plan for eligible executives as described under Section 457(b) and 457(f) of the Internal Revenue Code. The funds are maintained in a segregated investment account and payable under terms of the agreement. The liability was $709,923 and $586,718 at August 31, 2017 and 2016, respectively. All contributions to the plans are employer contributions. During the years ended August 31, 2017 and 2016, a total of $61,582 and $54,582 was contributed to the plan.

Note 8 - Note Payable

The Organization has, with a financial institution, a line of credit for $750,000 which is available through August 11, 2018. Interest on any unpaid principal amount is charged at LIBOR plus 2.745%, which at August 31, 2017 was 4.58%. The line of credit is secured by all business assets, equipment and intangibles of the Organization. At August 31, 2017, there was no outstanding balance.

Note 9 - Temporarily Restricted Net Assets

Net assets were released from restriction as follows:

	8/31/17	8/31/16
Program restrictions		
Capital Project	$1,163,034	$727,427
Studio Fund	100,000	100,000
Productions	0	160,000
Summer Institute	146,826	138,609
Arts in Education	54,350	52,250
World Theatre Project	10,000	10,000
Brooklyn Schools and PS36	20,000	0
Artistic Opportunity Fund	200,000	0
Other	1,000	1,000
Total program restrictions	1,695,210	1,189,286
Time restrictions	38,500	101,500
Total	$1,733,710	$1,290,786

During the years ended August 31, 2017 and August 31, 2016, the Organization received authorization from donors to release from restriction funds totaling $1,766,237 and $533,669, respectively. Additionally, during the year ended August 31, 2016, a grant of $1,000,000 was reclassified from temporarily restricted to permanently restricted, as instructed by a donor.

At year end, net assets are temporarily restricted for the following purposes:

	8/31/17	8/31/16
Program restrictions		
Capital Project	$1,459,110	$4,103,796
Studio Fund	250,591	250,421
Summer Institute	148,976	146,826
Arts in Education	10,000	54,350
World Theatre Project	0	10,000
Brooklyn Schools and PS36	0	20,000
Artistic Opportunity Fund	276,684	18,767
Other	72,000	1,000
Total program restrictions	2,217,361	4,605,160
Time restrictions	164,004	38,500
Endowment fund	17,376	0
Total	$2,398,741	$4,643,660

Note 10 - Permanently Restricted Net Assets

The Organization's permanently restricted net assets consist of the following:

Endowment (Note 11)	$7,131,024
Endowment – accrued interest	2,131
Working Capital Reserve	435,000
Total	$7,568,155

The Working Capital Reserve is used to manage the peaks and valleys of the Organization's cash flow. Transfers from the Working Capital Reserve are to be repaid in full prior to the close of each fiscal year.

Note 11 - Endowment Funds

The Organization's endowment was established to support programmatic and operating needs and consists of funds restricted by donors to the capital campaign. The fundraising goal for the endowment is $10 million.

Interpretation of Relevant Law
The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Organization will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, 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 to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) reclassification of donor funds in situations where the donor later makes clear the intention for their funds to be held in perpetuity.

Spending Policies
The Organization has a policy of appropriating for distribution each year 4.5% of its endowment funds' fair value based on a rolling, twenty quarters average, calculated on June 30th of each year. In establishing the policy, and in accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Organization;
(7) The investment policies of the Organization;
(8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

Changes in endowment net assets were as follows:

	August 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	($431,611)	$0	$7,121,024	$6,689,413
Contributions	0	0	10,000	10,000
Investment return:				
Investment income (net of investment fees)	0	172,963	0	172,963
Net realized and unrealized gain on investments	431,611	128,359	0	559,970
Total investment return	431,611	301,322	0	732,933
Net transfers	0	0	0	0
Appropriation for expenditures	0	(283,946)	0	(283,946)
Endowment net assets, end of year	$0	$17,376	$7,131,024	$7,148,400

	August 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	($593,665)	$0	$6,032,524	$5,438,859
Contributions	0	0	46,000	46,000
Net assets reclassified to permanently restricted*	0	0	1,000,000	1,000,000
Investment return:				
Investment income (net of investment fees)	0	179,952	0	179,952
Net realized and unrealized gain on investments	199,129	87,086	0	286,215
Total investment return	199,129	267,038	0	466,167
Net transfers	(37,075)	0	42,500	5,425
Appropriation for expenditures	0	(267,038)	0	(267,038)
Endowment net assets, end of year	($431,611)	$0	$7,121,024	$6,689,413

*During the year ended August 31, 2016, as instructed by a donor, $1,000,000 was reclassified from temporarily restricted net assets to the permanently restricted endowment.

Endowment Investment Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Organization's spending policy while assuming a moderate level of investment risk.

Funds with Deficiencies
From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration. There was no such deficiency at August 31, 2017. At year August 31, 2016, the investment balance was below the level that must be maintained in perpetuity by $431,611, but it was restored as of August 31, 2017. Therefore, there was no such deficiency at year end.

Note 12 - Commitments

a. The Organization occupies office space at 154 Christopher Street, New York under a lease that expires June 30, 2022.

Minimum rental amounts due are as follows:

Year ending:	August 31, 2018	$14,309
	August 31, 2019	14,738
	August 31, 2020	15,180
	August 31, 2021	15,636
	August 31, 2022	13,354
Total		$73,217

b. The Organization executed a lease with the City for its theatre in September 2013 for an initial term of fifty years, with two renewable options of fifteen and ten years each, for a total term of seventy-five years at an annual rent of $1 plus all costs, expenses and charges of every kind related to the building. The City's capital contribution will be amortized over the first fifty years of the lease. The lease includes an option for the Organization to purchase the building any time after the thirtieth year for the unamortized amount of the City's capital contribution (by year fifty, the City's contribution will be zero).

c. Government grants are subject to audit by the granting agency. Management does not anticipate any disallowed costs to be assessed and has not set aside any resources.

Note 13 - Retirement Plans

The Organization maintains a tax deferred 403(b) retirement plan. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. No contributions by the Organization are made to the plan.

The Organization participates in several multi-employer plans that provide defined benefits to certain contract labor covered by collective bargaining agreements. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The zone status is based on information that the

Organization received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are more than 80 percent funded.

Information on the Equity League Pension Trust Fund as of August 31, 2017 is as follows:

EIN/Pension Plan Number	Plan End Date	PPA Zone Status	RP Status	Collective Bargaining Agreement Expiration Date	Contribution
13-6696817/ 001	3/31/18	Green	N/A	2/13/22	$28,258

Information on the United Scenic Artists Local 829 Pension Fund as of August 31, 2017 is as follows:

EIN/Pension Plan Number	Plan End Date	PPA Zone Status	RP Status	Collective Bargaining Agreement Expiration Date	Contribution
13-1982707/ 001	12/31/18	Green	N/A	6/30/22	$7,672

Information on the SDC – League Pension Fund as of August 31, 2017 is as follows:

EIN/Pension Plan Number	Plan End Date	PPA Zone Status	RP Status	Collective Bargaining Agreement Expiration Date	Contribution
13-1982707	8/31/18	Yellow	Implemented	4/14/22	$4,528

Note 14 - Special Events

The Organization has an annual gala, which is summarized as follows:

	8/31/17	8/31/16
Gross revenue	$679,875	$702,143
Less: expenses with a direct benefit to donors	(87,550)	(103,036)
	592,325	599,107
Less: other event expenses	(106,612)	(101,411)
Total	$485,713	$497,696

Note 15 - Sale of Donated Stock - Gilman

In 2008, the Organization was one of five non-profit organizations to receive shares of junior common stock in each of six sawmills (the 'Gilman Companies"), representing a 0.8% economic interest in each of the Gilman Companies. These shares were a gift from the Howard Gilman Foundation, and this arrangement was the result of an IRS ruling regarding the Gilman estate. Under the terms of the gifted junior common stock, if the Gilman Companies were ever sold, the Organization would be entitled to receive 0.8% of the proceeds of the sale. During the year ended August 31, 2017, the companies were sold and the Organization's net share of the sale as of August 31, 2017 was $2,917,303. Additional amounts may be received in future periods contingent on certain matters and therefore have not been recorded as revenue as of August 31, 2017.

THEATRE FOR A NEW AUDIENCE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017
(With comparative totals for the year ended August 31, 2016)

	Program Services			Supporting Services			Capital Project				
	Theatre/ Performances	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Management and General	Fundraising	Total Capital Project	Total Expenses 8/31/2017	Total Expenses 8/31/2016
Salaries	1,671,254	$243,574	$1,914,828	$221,739	$230,726	$452,465	$202,300	$152,988	$355,288	$2,722,581	$2,679,758
Payroll taxes and employee benefits	546,896	57,160	604,056	53,250	64,389	117,639	39,126	32,449	71,575	793,270	803,179
Technical, admin and artists' fees	398,773	96,468	495,241		1,050	1,050			0	496,291	367,975
Professional fees	151,175	23,457	174,632	68,655	27,017	95,672	7,296	3,200	10,496	280,800	330,990
Advertising and publicity	406,201		406,201			0			0	406,201	380,919
Production expenses	850,200		850,200			0			0	850,200	780,903
Program expenses - other	27,712	11,091	38,803			0			0	38,803	51,003
Royalties	102,845		102,845			0			0	102,845	43,579
Occupancy and storage	95,835	700	96,535	14,092	3,523	17,615	5,034		5,034	119,184	115,927
Travel, housing and per diems	138,688	6,999	145,687	5,765	1,557	7,322	2,108		2,108	155,117	139,720
Ticket services	87,874		87,874			0			0	87,874	67,232
Donor cultivation			0		19,213	19,213			0	19,213	16,003
Special events, other indirect expense			0		134,112	134,112			0	134,112	128,911
Telephone and telecommunications	25,857		25,857	9,841	2,460	12,301	3,527		3,527	41,685	39,143
Printing	29	1,780	1,809	3		3		291	291	2,103	2,719
Insurance	70,646		70,646	15,452	3,863	19,315	5,519		5,519	95,480	97,116
Postage and shipping	22,882	70	22,952	2,545	1,797	4,342	919	134	1,053	28,347	27,562
Repairs and maintenance	12,375		12,375	3,449	862	4,311	27,512		27,512	44,198	13,004
Equipment rental	5,850	2,914	8,764	1,457	364	1,821	64,000		64,000	74,585	7,735
Office supplies and other	10,216	179	10,395	3,724	975	4,699	1,330	29	1,359	16,453	14,396
Interest, bank and credit card charges	4,669		4,669	3,735	2,719	6,454	1,335		1,335	12,458	17,174
Café and concession expenses	101,047		101,047	67,793		67,793			0	168,840	143,324
Facilities expense	189,271		189,271			0	3,125		3,125	192,396	146,001
Other expenses	24,113	1,856	25,969	16,655	44,322	60,977	5,852	3,450	9,302	96,248	129,951
Total expenses before depreciation	4,944,408	446,248	5,390,656	488,155	538,949	1,027,104	368,983	192,541	561,524	6,979,284	6,544,224
Depreciation	124,579	1,650	126,229	1,650	1,886	3,536			0	129,765	121,454
Total expenses	$5,068,987	$447,898	$5,516,885	$489,805	$540,835	$1,030,640	$368,983	$192,541	$561,524	$7,109,049	$6,665,678

The attached notes and auditor's report are an integral part of these financial statements.