NEW YORK THEATRE WORKSHOP, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2016 AND 2015

NEW YORK THEATRE WORKSHOP, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
New York Theatre Workshop, Inc.

We have audited the accompanying financial statements of New York Theatre Workshop, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statements 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 New York Theatre Workshop, Inc. 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 February 16, 2016. 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
February 23, 2017

NEW YORK THEATRE WORKSHOP, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016				2015			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Assets								
Current Assets								
Cash and cash equivalents	$ 3,485,048	$ 40,156	$ 55,561	$ 3,580,765	$ 2,803,016	$ 85,380	$ 55,172	$ 2,943,568
Investments	20,741	-	-	20,741	98	-	-	98
Accounts receivable	123,872	-	-	123,872	202,093	-	-	202,093
Unconditional promises to give	208,294	85,000	-	293,294	146,427	78,500	-	224,927
Prepaid expenses and other current assets	175,946	-	-	175,946	58,045	-	-	58,045
Total Current Assets	4,013,901	125,156	55,561	4,194,618	3,209,679	163,880	55,172	3,428,731
Unconditional promises to give	-	53,126	-	53,126	-	-	-	-
Property and equipment, at cost, net of accumulated depreciation	5,357,023	-	-	5,357,023	5,591,551	-	-	5,591,551
Bonds and deposits	53,295	-	-	53,295	24,470	-	-	24,470
Total Assets	$ 9,424,219	$ 178,282	$ 55,561	$ 9,658,062	$ 8,825,700	$ 163,880	$ 55,172	$ 9,044,752
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 217,282	$ -	$ -	$ 217,282	$ 84,768	$ -	$ -	$ 84,768
Deferred rental income and security deposits held	29,600	-	-	29,600	105,000	-	-	105,000
Deferred box office revenue	699,006	-	-	699,006	297,252	-	-	297,252
Deferred enhancement revenue	-	-	-	-	282,675	-	-	282,675
Total Liabilities	945,888	-	-	945,888	769,695	-	-	769,695
Commitments and contingencies								
Net Assets								
Unrestricted								
Property and equipment, net	5,357,023	-	-	5,357,023	5,591,551	-	-	5,591,551
Board - designated	1,798,144	-	-	1,798,144	1,717,063	-	-	1,717,063
Undesignated surplus	1,323,164	-	-	1,323,164	747,391	-	-	747,391
Temporarily Restricted	-	178,282	-	178,282	-	163,880	-	163,880
Permanently Restricted	-	-	55,561	55,561	-	-	55,172	55,172
Total Net Assets	8,478,331	178,282	55,561	8,712,174	8,056,005	163,880	55,172	8,275,057
Total Liabilities and Net Assets	$ 9,424,219	$ 178,282	$ 55,561	$ 9,658,062	$ 8,825,700	$ 163,880	$ 55,172	$ 9,044,752

See notes to financial statements.

NEW YORK THEATRE WORKSHOP, INC.

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
Public Support and Other Revenue								
Public Support								
Government	$ 192,350	$ -	$ -	$ 192,350	$ 209,800	$ 4,000	$ -	$ 213,800
Corporations	66,648	5,000	-	71,648	22,945	-	-	22,945
Foundations	591,043	155,652	-	746,695	716,269	154,750	-	871,019
Individuals	1,151,545	-	-	1,151,545	849,209	-	-	849,209
Special events income	687,973	-	-	687,973	442,707	-	-	442,707
Less: direct costs of special events	(91,856)	-	-	(91,856)	(69,233)	-	-	(69,233)
Donated services	62,715	-	-	62,715	24,985	-	-	24,985
Net assets released from restrictions								
Foundations	142,250	(142,250)	-	-	131,650	(131,650)	-	-
Government	4,000	(4,000)	-	-	-	-	-	-
Corporations	-	-	-	-	5,000	(5,000)	-	-
	2,806,668	14,402	-	2,821,070	2,333,332	22,100	-	2,355,432
Other Revenue								
Box office revenue	2,745,397	-	-	2,745,397	1,483,937	-	-	1,483,937
Enhancement revenue	1,065,350	-	-	1,065,350	200,000	-	-	200,000
Royalty income	153,903	-	-	153,903	533,946	-	-	533,946
Rental income	155,083	-	-	155,083	111,999	-	-	111,999
Shop income	29,326	-	-	29,326	90,840	-	-	90,840
Handling fees	30,949	-	-	30,949	18,182	-	-	18,182
Tuition income	31,035	-	-	31,035	27,650	-	-	27,650
Investment income	6,133	-	389	6,522	1,704	-	401	2,105
Casting income	7,165	-	-	7,165	-	-	-	-
Miscellaneous income	19,930	-	-	19,930	14,106	-	-	14,106
Total Public Support and Other Revenue	7,050,939	14,402	389	7,065,730	4,815,696	22,100	401	4,838,197
Expenses								
Program Expenses	5,301,102	-	-	5,301,102	3,441,390	-	-	3,441,390
Supporting Services								
Management and General	804,477	-	-	804,477	614,561	-	-	614,561
Fundraising	523,034	-	-	523,034	511,583	-	-	511,583
Total Supporting Services	1,327,511	-	-	1,327,511	1,126,144	-	-	1,126,144
Total Expenses	6,628,613	-	-	6,628,613	4,567,534	-	-	4,567,534
Increase in Net Assets	422,326 *	14,402	389	437,117	248,162 *	22,100	401	270,663
Net Assets, beginning of year	8,056,005	163,880	55,172	8,275,057	7,807,843	141,780	54,771	8,004,394
Net Assets, End of Year	$ 8,478,331	$ 178,282	$ 55,561	$ 8,712,174	$ 8,056,005	$ 163,880	$ 55,172	$ 8,275,057

* Includes depreciation expense of $258,703 (2016) and $278,727 (2015)

See notes to financial statements.

NEW YORK THEATRE WORKSHOP, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	$ 437,117	$ 270,663
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	258,703	278,727
Donated securities	(200,556)	(219,845)
Unrealized (gain) loss on investments	(495)	31
Realized (gain) loss on sale of donated securities	(206)	1,298
(Increase) decrease in:		
Accounts receivable	78,221	(1,049)
Unconditional promises to give	(121,493)	(66,757)
Prepaid expenses and other current assets	(117,901)	37,071
Bonds and deposits	(28,825)	6,853
Increase (decrease) in:		
Accounts payable and accrued expenses	132,514	(36,592)
Deferred rental income and security deposits held	(75,400)	87,620
Deferred box office revenue	401,754	(45,348)
Deferred enhancement revenue	(282,675)	282,675
Net Cash Provided By Operating Activities	480,758	595,347
Cash Flows From Investing Activities		
Purchase of property and equipment	(24,175)	(36,445)
Proceeds from sale of donated securities	180,614	218,547
Net Cash Provided By Investing Activities	156,439	182,102
Net increase in cash and cash equivalents	637,197	777,449
Cash and cash equivalents, beginning of year	2,943,568	2,166,119
Cash and Cash Equivalents, End of Year	$ 3,580,765	$ 2,943,568

See notes to financial statements.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies

a - Nature of Activities
New York Theatre Workshop, Inc. (the "Organization") is a not-for-profit corporation incorporated on February 19, 1982 under the New York State Not-for-Profit Corporation Law. The Organization is the successor to the Stephen Graham Foundation. The Organization was established to promote the appreciation of theatre through theatrical productions, and to engage with artists to explore new dramatic forms.

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
The Organization reflects fair value using an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. Fair value hierarchy that prioritizes inputs to valuation techniques is used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3. An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets and liabilities.

The Organization's investments are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

e - Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a 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 - Contributions and Promises to Give
Contributions are recognized when cash is 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.

g - Inventory
The Organization maintains certain concession, fabric and scenery inventories of past productions. The Organization is unable to determine future use of such inventory and therefore the concession inventory is expensed when purchased and scenery and costumes inventories are expensed over the run of the public performances of the original show.

h - 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 $1,000. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. 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.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

i - Revenue Recognition

Box office revenue consists of ticket sales and subscription series purchased. Box office revenue is recognized when the performance occurs. The ticket portion of the subscription series is recognized as box office revenue over the number of performances within each series package. The contribution component of the subscription series is recorded upon receipt. The non-refundable handling fees are recognized as income when the sale takes place. Tuition income is recognized in the year that the student program takes place. Rental income is earned upon the satisfaction of the terms of short-term leases. Enhancement revenue is recognized in the year that the related production occurs. Royalty income received for the subsequent productions of the Organization's production is recognized when earned. Shop income and miscellaneous income are recognized in the period to which the fees relate.

j - Deferred Revenue

Box office revenue is recognized in the period in which the performance takes place. Advanced rent is reflected as deferred revenue until the terms of the rental agreement have been satisfied. The Organization requires security deposits to hold the rental space.

k - Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2016 and 2015 was $364,822 and $332,473, respectively.

l - Production Costs

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. The Organization had one production that had performances cross fiscal years 2016 and 2017. Weekly income and expenses have been recognized in the weeks that the performances took place since performances extended into the new fiscal year. No shows crossed fiscal years at June 30, 2015.

m - 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 by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

n - 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.

o - 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's Forms 990, *Return of Organizations Exempt from Income Tax* 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. The Organization did not recognize any tax related interest and/or penalties in the accompanying financial statements, but would record any such interest and/or penalties as a component of other expense.

Note 2 - Restriction on Net Assets

a) In 2013, the Board of Trustees designated royalty income to establish a board-designated fund, which is restricted for cash reserve and capital improvements. Transfers of these funds can only occur with Board approval. During the years ended June 30, 2016 and 2015, the Board approved a transfer of $61,752 and $18,500, respectively to general operations (for strategic plan development costs). Investment income earned on these funds is added to board-designated net assets.

b) Temporarily restricted net assets are restricted for future periods and programs as of June 30, 2016 and 2015.

c) Permanently restricted net assets are restricted by the donor in perpetuity. The Organization received $50,000 restricted by a donor in perpetuity as a working capital reserve fund along with any appreciation and earnings on these funds. The funds can be borrowed by the Organization interest-free. The reserve fund must be fully funded for at least 30 consecutive days during every two fiscal years. Investment income earned on these funds is added to permanently restricted net assets.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 3 - Concentration of Credit Risk

The Organization maintains its cash and money market balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. At June 30, 2016, the Organization's uninsured cash and money market balances totaled $1,178,260.

The Organization’s cash and cash equivalents in the amount of $1,822,598 is invested in a Fidelity Treasury Fund (the “Fund”) which invests approximately 80% of the funds in U.S. Treasury securities and money market funds for the quality, maturity, and diversification of investments. This Fund is not currently insured.

Note 4 - Cash, Cash Equivalents and Investments

a) Fair Value of Financial Instruments

The fair value and carrying amount of the Organization's cash and short-term investments as of June 30, 2016 and 2015 was $3,580,765 and $2,943,568, respectively. Cash and short-term investments carrying amount approximates fair value because of the short maturities of those investments.

b) Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at June 30, 2016 and 2015 consist of corporate stocks. The fair value and quoted prices in active markets for identical assets (Level 1) for investments as of June 30, 2016 and 2015 was $20,741 and $98, respectively. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

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

	2016	2015
Interest and dividend income	$ 5,821	$ 3,434
Unrealized gain (loss) on investments	495	(31)
Realized gain (loss) on sale of donated securities	206	(1,298)
Total Investment Income	$ 6,522	$ 2,105

Note 5 - Unconditional Promises to Give

When estimating fair value of unconditional promises to give, management considers the relationships with donor, the donor’s past history of making timely payments, and the donor’s overall creditworthiness and incorporated into 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.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 5 - Unconditional Promises to Give (continued)

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

	Less Than One Year	One to Three Years	Total
As of June 30, 2016			
Unrestricted	$ 208,294	$ -	$ 208,294
Temporarily restricted	85,000	60,000	145,000
	293,294	60,000	353,294
Less: discount for present value	-	(6,874)	(6,874)
	$ 293,294	$ 53,126	$ 346,420
As of June 30, 2015			
Unrestricted	$ 146,427	$ -	$ 146,427
Temporarily restricted	78,500	-	78,500
	$ 224,927	$ -	$ 224,927

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	Life/Years	2016	2015
Buildings and improvements	39-40	$ 7,219,448	$ 7,195,273
Equipment and fixtures	3-7	1,223,166	1,223,166
		8,442,614	8,418,439
Less: accumulated depreciation		(3,085,591)	(2,826,888)
		$ 5,357,023	$ 5,591,551

Depreciation expense for the years ended June 30, 2016 and 2015 was $258,703 and $278,727, respectively.

Improvements and equipment include certain amounts funded by the New York City Department of Cultural Affairs (the "DCA"). There are restrictions on the capitalized expenditures funded by the DCA (Note 7b).

Note 7 - Commitments and Contingencies

a) Government supported programs are subject to audit by the granting agency.

b) On October 11, 2005, the Organization purchased, for a nominal amount, a building from the New York City Department of Housing Preservation and Development. The building, located at 72 East 4th Street, was valued at $530,000 and is reflected in these financial statements.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Commitments and Contingencies (continued)

b) (continued)
The sale was made as part of the creation of an official New York City Fourth Arts Block Cultural District, which includes the sale of six city-owned buildings to cultural organizations. Each building has an enforcement mortgage to ensure that it will remain a cultural building in perpetuity.

The Organization's building was renovated and became their scenic shop, costume shop and production office in 2012.

The project was managed by the DCA. The DCA spent $3,205,987, which is included within buildings and improvements (Note 6). DCA's investment of capital funding obligates the Organization to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by New York City. The Organization is obligated to operate as a non-profit entity and shall not transfer ownership or control over the equipment without the DCA's prior written consent.

c) The Organization has a revolving line of credit in the amount of $499,999 with a financial institution, with a fluctuating rate per annum equal to the prime rate plus 1% (4.50% as of June 30, 2016). The rate will not be less than 3.25%. The bank has filed a UCC1 against the Organization's assets. The line of credit currently expires on July 7, 2017. The Organization has a thirty day clean up provision annually. As of June 30, 2016 and 2015, no amounts were outstanding.

d) The Organization contributes to four 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 of these funds are in either "critical" or "endangered" status as those terms are defined in the PPA.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Commitments and Contingencies (continued)

d) (continued)
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 25% of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was $196,331 and $67,612, for the years ended June 30, 2016 and 2015, respectively.

The Organization posts bonds under certain collective bargaining agreements and all obligations continue until the closing of a production.

e) The Organization is obligated under two employment agreements with key employees, which provide for minimum annual payments as follows as of June 30, 2016:

For the year ending June 30, 2017	$ 300,901
" " " " June 30, 2018	229,651
Total	$ 530,552

f) The Organization entered into a 3-year license agreement with an internet-based ticketing system provider. The agreement has a renewal option for 1 year. The Organization may terminate this agreement for any reason with written notice of at least 1 month (first 2 years without penalty and early termination fees). Per the agreement, the internet-based ticketing system provider is entitled to a minimum annual charge of $18,000 (for the first 2 years and $24,000 for the third year) and 1.5% of sales in excess of a certain level.

NEW YORK THEATRE WORKSHOP, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Commitments and Contingencies (continued)

g) The Organization has been named in several workers' compensation claims for personal injuries sustained by employees 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 claim which may be realized.

Note 8 - Employee Benefit Plan

The Organization has a non-contributory 403(b) defined contribution pension plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. No contributions were made during the years ended June 30, 2016 and 2015.

Note 9 - Donated Services

The Organization received donated professional services 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.

Note 10 - Functional Allocation of Expenses

The cost of providing the various programs and 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.

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through February 23, 2017, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

withum
AUDIT TAX ADVISORY

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

To the Board of Trustees of
New York Theatre Workshop, Inc.

We have audited the financial statements of New York Theatre Workshop, Inc. as of and for the year ended June 30, 2016, and have issued our report thereon dated February 23, 2017, 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 audits 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 February 16, 2016. 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 consolidated financial statements for the year ended June 30, 2015, as a whole.

WithumSmith+Brown, PC

New York, New York
February 23, 2017

NEW YORK THEATRE WORKSHOP, INC.

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	$ 2,105,280	$ 271,846	$ 359,635	$ 631,481	$ 2,736,761	$ 2,047,479
Payroll taxes	230,944	22,944	31,971	54,915	285,859	186,585
Employee benefits	302,589	33,877	34,485	68,362	370,951	204,879
Professional fees	183,587	221,770	-	221,770	405,357	287,873
Production materials	823,688	19,148	23,894	43,042	866,730	240,110
Artistic fees	343,329	-	-	-	343,329	183,745
Royalties and commissions	93,641	-	-	-	93,641	62,163
Advertising and promotion	327,075	37,747	-	37,747	364,822	332,473
Trucking and storage	41,228	11,416	60	11,476	52,704	40,605
Telephone	-	24,048	-	24,048	24,048	47,896
Postage and shipping	18,040	1,428	2,692	4,120	22,160	27,915
Utilities	85,380	3,619	2,249	5,868	91,248	82,847
Facility rental	7,992	-	-	-	7,992	26,790
Credit card fees	104,432	1,951	-	1,951	106,383	75,387
Indirect benefit expenses	-	-	21,883	21,883	21,883	13,657
Rental and equipment maintenance	184,370	82,232	9,499	91,731	276,101	142,503
Printing and publications	18,920	100	7,917	8,017	26,937	45,392
Travel and transportation	121,769	6,029	337	6,366	128,135	155,238
Dues, conferences and meetings	17,143	12,291	5,747	18,038	35,181	30,486
Insurance	20,771	6,897	1,988	8,885	29,656	28,074
Miscellaneous	63,928	15,244	860	16,104	80,032	26,710
Total expenses before depreciation	5,094,106	772,587	503,217	1,275,804	6,369,910	4,288,807
Depreciation	206,996	31,890	19,817	51,707	258,703	278,727
Total Expenses, 2016	$ 5,301,102	$ 804,477	$ 523,034	$ 1,327,511	$ 6,628,613	
Total Expenses, 2015	$ 3,441,390	$ 614,561	$ 511,583	$ 1,126,144		$ 4,567,534

See independent auditor's report on supplemental information.