THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2016 AND 2015

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

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AUDIT TAX ADVISORY

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Lark Theatre Company, Inc.
d/b/a Lark Play Development Center

We have audited the accompanying financial statements of The Lark Theatre Company, Inc. (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.

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AUDIT TAX ADVISORY

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lark Theatre Company, 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 September 8, 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
September 30, 2016

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

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	$ 18,131	$ 357,348	$ 257,714	$ 633,193	$ 14,196	$ 313,646	$ 223,349	$ 551,191
Accounts receivable	10,111	-	-	10,111	5,408	-	-	5,408
Unconditional promises to give	131,214	259,711	43,805	434,730	78,895	144,977	3,959	227,831
Prepaid expenses	30,526	-	-	30,526	30,401	-	-	30,401
Investments	-	-	-	-	23,303	-	-	23,303
Total Current Assets	189,982	617,059	301,519	1,108,560	152,203	458,623	227,308	838,134
Unconditional promises to give	-	297,609	-	297,609	-	262,030	-	262,030
Property and equipment, at cost, net of accumulated depreciation	866,756	-	-	866,756	1,091,546	-	-	1,091,546
Security deposits	62,936	-	-	62,936	62,936	-	-	62,936
Total Assets	$ 1,119,674	$ 914,668	$ 301,519	$ 2,335,861	$ 1,306,685	$ 720,653	$ 227,308	$ 2,254,646
Liabilities and Net Assets								
Liabilities								
Current Liabilities								
Accounts payable and accrued expenses	$ 110,886	$ -	$ -	$ 110,886	$ 66,830	$ -	$ -	$ 66,830
Deferred rent	12,351	-	-	12,351	5,290	-	-	5,290
Total Current Liabilities	123,237	-	-	123,237	72,120	-	-	72,120
Deferred rent	178,266	-	-	178,266	190,616	-	-	190,616
Total Liabilities	301,503	-	-	301,503	262,736	-	-	262,736
Commitments and contingencies								
Net Assets								
Unrestricted								
Property and equipment	866,756	-	-	866,756	1,091,546	-	-	1,091,546
Accumulated deficit	(48,585)	-	-	(48,585)	(47,597)	-	-	(47,597)
Total Unrestricted Net Assets	818,171	-	-	818,171	1,043,949	-	-	1,043,949
Temporarily restricted	-	914,668	-	914,668	-	720,653	-	720,653
Permanently restricted	-	-	301,519	301,519	-	-	227,308	227,308
Total Net Assets	818,171	914,668	301,519	2,034,358	1,043,949	720,653	227,308	1,991,910
Total Liabilities and Net Assets	$ 1,119,674	$ 914,668	$ 301,519	$ 2,335,861	$ 1,306,685	$ 720,653	$ 227,308	$ 2,254,646

See notes to financial statements.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
Public Support and Other Revenue	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Public Support								
Government	$ 80,500	$ 74,650	$ -	$ 155,150	$ 88,800	$ 15,000	$ -	$ 103,800
Individuals and family foundations	563,060	118,055	37,865	718,980	765,288	372,335	13,654	1,151,277
Foundations	333,790	386,934	36,346	757,070	305,637	224,225	213,654	743,516
Corporations	515	-	-	515	266	-	-	266
Donated services	37,880	-	-	37,880	11,148	-	-	11,148
Released From Restriction								
Government	15,000	(15,000)	-	-	44,395	(44,395)	-	-
Individuals and family foundations	121,375	(121,375)	-	-	20,000	(20,000)	-	-
Foundations	249,249	(249,249)	-	-	366,716	(366,716)	-	-
Total Public Support	1,401,369	194,015	74,211	1,669,595	1,602,250	180,449	227,308	2,010,007
Other Revenue								
Contracted services	20,154	-	-	20,154	28,358	-	-	28,358
Program revenue and miscellaneous income	3,341	-	-	3,341	64	-	-	64
Rental income	17,927	-	-	17,927	8,485	-	-	8,485
Investment income	1,575	-	-	1,575	1,166	-	-	1,166
Total Other Revenue	42,997	-	-	42,997	38,073	-	-	38,073
Total Public Support and Other Revenue	1,444,366	194,015	74,211	1,712,592	1,640,323	180,449	227,308	2,048,080
Expenses								
Program Services	1,208,587	-	-	1,208,587	1,215,700	-	-	1,215,700
Supporting Services								
Management and General	282,249	-	-	282,249	194,214	-	-	194,214
Fundraising	179,308	-	-	179,308	258,759	-	-	258,759
Total Supporting Services	461,557	-	-	461,557	452,973	-	-	452,973
Total Expenses	1,670,144	-	-	1,670,144	1,668,673	-	-	1,668,673
Increase (Decrease) in Net Assets	(225,778) *	194,015	74,211	42,448	(28,350) *	180,449	227,308	379,407
Net assets, beginning of year	1,043,949	720,653	227,308	1,991,910	1,072,299	540,204	-	1,612,503
Net Assets, End of Year	$ 818,171	$ 914,668	$ 301,519	$ 2,034,358	$ 1,043,949	$ 720,653	$ 227,308	$ 1,991,910

* Includes depreciation expense of $224,790 (2016) and $71,528 (2015)

	2016	2015
Increase (Decrease) in unrestricted net assets before depreciation expense	$ (988)	$ 43,178

See notes to financial statements.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	$ 42,448	$ 379,407
Adjustments to increase in net assets to net cash provided (used) by operating activities:		
Depreciation	224,790	71,528
Donated stocks	(248,638)	(147,197)
Realized gain on sale of investments	(1,412)	(1,311)
Change in discount for present value of unconditional promises	5,779	(41,170)
Unrealized loss on investments	-	264
(Increase) Decrease in:		
Accounts receivable	(4,703)	(3,877)
Unconditional promises to give	(248,257)	(179,263)
Prepaid expenses	(125)	16,158
Increase (Decrease) in:		
Accounts payable and accrued expenses	44,056	1,884
Deferred rent	(5,289)	1,599
Net Cash Provided (Used) By Operating Activities	(191,351)	98,022
Cash Flows From Investing Activities		
Proceeds from sale of investments	273,353	142,550
Purchase of property and equipment	-	(36,550)
Net Cash Provided By Investing Activities	273,353	106,000
Net increase in cash and cash equivalents	82,002	204,022
Cash and cash equivalents, beginning of year	551,191	347,169
Cash and Cash Equivalents, End of Year	$ 633,193	$ 551,191

See notes to financial statements.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies

a - Nature of Activities

The Lark Theatre Company, Inc. d/b/a Lark Play Development Center (the "Organization") is a not-for-profit corporation located in New York, NY. A laboratory for new voices and new ideas, the Organization provides playwrights and their collaborators with resources to develop their work in a supportive yet rigorous environment and encouraging artists to define their own goals and creative processes in pursuit of a unique vision. The Organization embraces new and diverse perspectives in New York and in all corners of the world, supporting innovative strategies to help new work reach audiences through a network of evolving partnerships. The Organization strives to reinvigorate the theater's ancient and enduring role as a public forum for discussion, debate and community engagement, and to strengthen society's capacity to imagine its future through storytelling.

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 statement 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.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements (continued)

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.

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 statement 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 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 - 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. Equipment, furniture, and website 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.

THE LARK THEATRE COMPANY, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

g - Property and Equipment (continued)
Leasehold improvements are being amortized over the shorter of the lease term or useful life.

h - Revenue Recognition
Contracted services, program revenue and rental income are recognized in the period to which the fees relate.

i - 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. 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.

j - Advertising Costs
Advertising costs are charged to operations at the time the advertising occurs. Advertising expense for the years ended June 30, 2016 and 2015 was $8,573 and $21,556, respectively.

k - 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.

l - Tax Status and Uncertain Tax Positions
The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization, which is not a private foundation. The Organization's Form 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.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 2 - Restriction on Net Assets

a) Temporarily Restricted Net Assets

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

	2016	2015
Restricted for use in future periods	$ 385,920	$ 542,031
Play development	219,700	29,620
Fellowships	132,560	22,000
BareBones Production	100,000	-
International programs	76,488	27,605
Capacity building	-	99,397
	$ 914,668	$ 720,653

During the year ended June 30, 2016, the Organization signed an agreement with FJC, a Foundation of Philanthropic Funds, to establish a restricted Earmarked Fund Account (the “Account”) with a deposit of $100,000 plus any additional funds raised for the Organization’s BareBones Production program (the “Program”) as a match, if applicable. The funds will be handled by FJC for investment purposes for a fee of 15 basis points annually, based on the average daily value of the assets held in the Account. The funds may be comingled with other investment assets of FJC and managed in accordance with FJC’s investment policies. The Organization may withdraw the funds from the Account as necessary to fund the Program and must furnish a report to FJC on how the distributions from the Account are used. As of June 30, 2016, $100,000 was received from one foundation and is reflected as cash and cash equivalents within temporarily restricted net assets. Subsequently, the $100,000 received from the foundation was invested into the Account.

b) Permanently Restricted Net Assets

In 2015, the Organization received a grant from The Andrew Mellon Foundation (the “Foundation”) for the establishment of a cash reserve fund in the amount of $150,000, to be matched one-to-one. The Foundation agreed to make payments in the amount of $50,000 or more upon receiving evidence of gifts received in the form of cash or securities that are restricted towards the cash reserve. As of June 30, 2016, the match has been met. Permanently restricted net assets consists of the Foundation’s grant of $150,000 plus matching funds. The Organization may draw upon the cash reserve fund, provided that within 24 months from the date of withdrawal; the amount withdrawn will be restored. In extreme circumstances, the Organization may elect to extend this period. Any income earned on these funds is unrestricted.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 3 - <u>Concentration of Credit Risk</u>

The Organization maintains its cash balances in one financial institution located in New York, NY. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2016, the Organization's uninsured cash balances were $187,958. The Organization maintains its investment balances in one financial institution located in New York, NY. The balances are insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000 per customer. SIPC does not protect investors from market risks. At June 30, 2016, the Organization's investment balance did not exceed the SIPC limit.

Note 4 - <u>Cash and Cash Equivalents and Investments</u>

a) <u>Fair Value of Financial Instruments</u>
The fair value and carrying amount of the Organization's cash and short-term investments as of June 30, 2016 and 2015 was $633,193 and $551,191, respectively. Cash and short-term investments carrying amount approximates fair value because of the short maturities of those investments.

b) <u>Fair Values Measured on Recurring Basis</u>
Fair values of assets measured on a recurring basis at June 30, 2015 consist of commons stocks and equities. The fair value and quoted prices in active markets for identical assets for investments as of June 30, 2015 was $23,303. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

c) <u>Investment Income</u>
Investment income consists of the following for the years ended June 30:

	2016	**2015**
Realized gain on sale of investments	$ 1,412	$ 1,311
Interest and dividend income	163	119
Unrealized loss on investments	-	(264)
Net investment income	$ 1,575	$ 1,166

Note 5 - <u>Unconditional Promises to Give</u>

When estimating fair value of unconditional promises to give, the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered 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. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

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, 2016:

	Less Than One Year	One to Three Years	Total
Unrestricted	$ 131,214	$ -	$ 131,214
Temporarily restricted	259,711	333,000	592,711
Permanently restricted	43,805	-	43,805
	434,730	333,000	767,730
Less: discount for present value	-	(35,391)	(35,391)
	$ 434,730	$ 297,609	$ 732,339

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

	Less Than One Year	One to Three Years	Total
Unrestricted	$ 78,895	$ -	$ 78,895
Temporarily restricted	144,977	303,200	448,177
Permanently restricted	3,959	-	3,959
	227,831	303,200	531,031
Less: discount for present value	-	(41,170)	(41,170)
	$ 227,831	$ 262,030	$ 489,861

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	Life/Years	2016	2015
Leasehold improvements	Life of lease	$ 1,122,948	$ 1,122,948
Furniture and equipment	5-7	258,765	258,765
Website	3	48,200	48,200
Artwork	n/a	15,000	15,000
		1,444,913	1,444,913
Less: accumulated depreciation		(578,157)	(353,367)
		$ 866,756	$ 1,091,546

Depreciation expense for the years ended June 30, 2016 and 2015 was $224,790 and $71,528, respectively. For the year ended June 30, 2016, depreciation was accelerated for the leasehold improvements based on current information.

THE LARK THEATRE COMPANY, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Commitments and Contingencies

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

b) The Organization signed a lease agreement for office and performance space. The Organization occupies the space under a non-cancelable operating lease that provides for approximate minimum annual rental payments as follows as of June 30, 2016:

For the year ending June 30, 2017	$ 289,513
" " " " June 30, 2018	296,751
" " " " June 30, 2019	304,170
" " " " June 30, 2020	311,774
" " " " June 30, 2021	319,569
Thereafter, through July 31, 2022	354,910
Total	$ 1,876,687

Rent expense for the years ended June 30, 2016 and 2015 was $352,661 and $316,168, respectively.

The Organization has reflected the variance between actual lease payments provided under the operating lease and the straight-line amortization of the lease for financial statement purposes. The balance of the cumulative variance or deferred rent for the years ended June 30, 2016 and 2015 was $190,617 and $195,906, respectively. The financial statements amortize any free rent period over the life of the lease.

c) In May 2013, the Organization entered into a joint-venture agreement with TalentFont Holdings LLC ("TalentFont") to form Kanjy LLC ("Kanjy"), a unique partnership to develop and implement a theatre and screen-specific interactive social network among playwrights, screenwriters, actors, directors, producers, funders, agents and audiences, with a focus on providing a digital platform upon which new voices can be recognized, cultivated and advanced. The collaboration will combine skills, knowledge and experience of the Organization and the expertise in social media, software design, marketing and business management of TalentFont. The Organization is a member in Kanjy with a 9% profit share. The Organization is a member of both TalentFont and Talent Broker Technologies LLC and has a 1.5% profit share in each.

d) The Organization has entered into an agreement with a professional employer organization (the "PEO") through the period ending December 31, 2016 with an automatic renewal each year. Under the terms of the agreement, the PEO is a co-employer of the Organization's employees and is obligated to maintain worker's compensation insurance coverage for all covered employees.

THE LARK THEATRE COMPANY, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 8 - 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 9 - Employee Benefit Plan

The Organization has a 401(k) salary deferral plan. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. There was no matching contribution for the years ended June 30, 2016 and 2015.

Note 10 - 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 11 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 30, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Trustees of
The Lark Theatre Company, Inc.
d/b/a Lark Play Development Center

We have audited the financial statements of The Lark Theatre Company, Inc. as of and for the year ended June 30, 2016, and have issued our report thereon dated September 30, 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 September 8, 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
September 30, 2016

THE LARK THEATRE COMPANY, INC.
D/B/A LARK PLAY DEVELOPMENT CENTER

SCHEDULE OF FUNCTIONAL EXPENSES

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

		Supporting Services			2016	2015
	Program Expense	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	$ 344,259	$ 134,323	$ 86,370	$ 220,693	$ 564,952	$ 651,636
Employee benefits and payroll taxes	60,379	25,672	19,835	45,507	105,886	111,564
Artistic fees	143,168	-	-	-	143,168	146,627
Travel and housing	73,601	3,035	6,180	9,215	82,816	125,381
Office rent	77,238	24,215	15,079	39,294	116,532	104,377
Theatre rent	236,129	-	-	-	236,129	211,791
Deferred rent	(4,683)	(374)	(232)	(606)	(5,289)	1,598
Other theatre expenses	51,372	-	-	-	51,372	73,026
Equipment purchases	11,140	3,493	2,175	5,668	16,808	21,963
Office supplies	7,537	2,563	4,370	6,933	14,470	26,694
Printing and postage	2,903	909	1,879	2,788	5,691	2,358
Insurance	9,264	2,905	1,809	4,714	13,978	14,329
Utilities	7,147	2,241	1,395	3,636	10,783	7,589
Marketing	8,573	-	-	-	8,573	21,556
Equipment rental	2,091	656	408	1,064	3,155	3,000
Maintenance	1,402	439	273	712	2,114	1,815
Telephone	3,091	970	603	1,573	4,664	4,783
Event expenses	-	-	3,667	3,667	3,667	6,479
Professional fees	6,611	26,859	1,291	28,150	34,761	39,756
License, fees, dues and subscriptions	18,242	7,589	4,817	12,406	30,648	20,468
Miscellaneous	133	42	301	343	476	355
Total expenses before depreciation	1,059,597	235,537	150,220	385,757	1,445,354	1,597,145
Depreciation	148,990	46,712	29,088	75,800	224,790	71,528
Total Expenses, 2016	$ 1,208,587	$ 282,249	$ 179,308	$ 461,557	$ 1,670,144	
Total Expenses, 2015	$ 1,215,700	$ 194,214	$ 258,759	$ 452,973		$ 1,668,673

See independent auditor's report on supplemental information.