

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2015 AND 2014

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

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FK PARTNERS

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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 statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2015 and 2014, 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.

Fried and Kowgios Partners CPA's LLP

New York, New York
September 8, 2015

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	2015				2014		
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Assets							
Current Assets							
Cash and cash equivalents (Notes 1c, 3 and 4a)	\$ 14,196	\$ 313,646	\$ 223,349	\$ 551,191	\$ -	\$ 347,169	\$ 347,169
Investments (Notes 1d, 1e, 3 and 4b)	23,303	-	-	23,303	-	17,609	17,609
Accounts receivable	5,408	-	-	5,408	1,531	-	1,531
Unconditional promises to give (Notes 1f and 5)	78,895	144,977	3,959	227,831	127,678	141,750	269,428
Prepaid expenses	30,401	-	-	30,401	46,559	-	46,559
Interfund borrowing	-	-	-	-	(33,676)	33,676	-
Total Current Assets	152,203	458,623	227,308	838,134	142,092	540,204	682,296
Unconditional promises to give (Notes 1f and 5)	-	262,030	-	262,030	-	-	-
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 6)	1,091,546	-	-	1,091,546	1,137,874	-	1,137,874
Security deposits	62,936	-	-	62,936	62,936	-	62,936
Total Assets	\$ 1,306,685	\$ 720,653	\$ 227,308	\$ 2,254,646	\$ 1,342,902	\$ 540,204	\$ 1,883,106
Liabilities and Net Assets							
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	\$ 66,830	\$ -	\$ -	\$ 66,830	\$ 76,296	\$ -	\$ 76,296
Deferred rent (Note 7b)	5,290	-	-	5,290	1,599	-	1,599
Total Current Liabilities	72,120	-	-	72,120	77,895	-	77,895
Deferred rent (Note 7b)	190,616	-	-	190,616	192,708	-	192,708
Total Liabilities	262,736	-	-	262,736	270,603	-	270,603
Commitments and contingencies (Note 7)							
Net Assets							
Unrestricted							
Property and equipment, net	1,091,546	-	-	1,091,546	1,137,874	-	1,137,874
Undesignated	(47,597)	-	-	(47,597)	(65,575)	-	(65,575)
Total Unrestricted	1,043,949	-	-	1,043,949	1,072,299	-	1,072,299
Temporarily restricted (Note 2a)	-	720,653	-	720,653	-	540,204	540,204
Permanently restricted (Note 2b)	-	-	227,308	227,308	-	-	-
Total Net Assets	1,043,949	720,653	227,308	1,991,910	1,072,299	540,204	1,612,503
Total Liabilities and Net Assets	\$ 1,306,685	\$ 720,653	\$ 227,308	\$ 2,254,646	\$ 1,342,902	\$ 540,204	\$ 1,883,106

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, 2015 AND 2014

	2015				2014			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	BOARD - DESIGNATED	TEMPORARILY RESTRICTED	TOTAL
Public Support and Other Revenue								
Public Support (Note 1f)								
Government	\$ 88,800	\$ 15,000	\$ -	\$ 103,800	\$ 109,624	\$ -	\$ 44,395	\$ 154,019
Individuals and family foundations	765,288	372,335	13,654	1,151,277	606,033	-	9,695	615,728
Foundations	305,637	224,225	213,654	743,516	383,832	-	404,200	788,032
Corporations	266	-	-	266	250	-	-	250
Donated services (Note 8)	11,148	-	-	11,148	18,008	-	-	18,008
Fundraising benefits	-	-	-	-	66,775	-	-	66,775
Less: direct costs of fundraising benefits	-	-	-	-	(18,063)	-	-	(18,063)
Released From Restriction								
Government	44,395	(44,395)	-	-	52,193	-	(52,193)	-
Individuals and family foundations	20,000	(20,000)	-	-	29,836	-	(29,836)	-
Foundations	366,716	(366,716)	-	-	320,595	-	(320,595)	-
Board appropriation - Capital Campaign	-	-	-	-	76,022	(76,022)	-	-
Total Public Support	1,602,250	180,449	227,308	2,010,007	1,645,105	(76,022)	55,666	1,624,749
Contracted services	28,358	-	-	28,358	2,724	-	-	2,724
Program revenue and miscellaneous income	64	-	-	64	17,815	-	-	17,815
Rental income	8,485	-	-	8,485	2,715	-	-	2,715
Investment income (loss) (Note 4c)	1,166	-	-	1,166	(383)	-	-	(383)
Total Other Revenue	38,073	-	-	38,073	22,871	-	-	22,871
Total Public Support and Other Revenue	1,640,323	180,449	227,308	2,048,080	1,667,976	(76,022)	55,666	1,647,620
Expenses								
Program Services	1,215,700	-	-	1,215,700	1,300,038	-	-	1,300,038
Supporting Services								
Management and General	194,214	-	-	194,214	198,816	-	-	198,816
Fundraising	258,759	-	-	258,759	284,080	-	-	284,080
Total Supporting Services	452,973	-	-	452,973	482,896	-	-	482,896
Total Expenses	1,668,673	-	-	1,668,673	1,782,934	-	-	1,782,934
Increase (Decrease) in Net Assets	(28,350) *	180,449	227,308	379,407	(114,958) *	(76,022)	55,666	(135,314)
Net assets, beginning of year	1,072,299	540,204	-	1,612,503	1,187,257	76,022	484,538	1,747,817
Net Assets, End of Year	\$ 1,043,949	\$ 720,653	\$ 227,308	\$ 1,991,910	\$ 1,072,299	\$ -	\$ 540,204	\$ 1,612,503

* Includes depreciation expense of \$71,528 (2015) and \$72,383 (2014)

Increase (decrease) in unrestricted net assets before depreciation expense

\$ 43,178

\$ (42,575)

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 379,407	\$ (135,314)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	71,528	72,383
Donated stocks	(147,197)	(205,305)
Unrealized loss on investments	264	83
Realized (gain) loss on sale of investments	(1,311)	523
(Increase) decrease in:		
Accounts receivable	(3,877)	181
Unconditional promises to give	(220,433)	47,915
Prepaid expenses	16,158	(11,542)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,884	930
Deferred rent	1,599	8,320
Net Cash Provided (Used) By Operating Activities	<u>98,022</u>	<u>(221,826)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	142,550	219,182
Purchase of property and equipment	(36,550) *	- *
Net Cash Provided By Investing Activities	<u>106,000</u>	<u>219,182</u>
Net increase (decrease) in cash and cash equivalents	204,022	(2,644)
Cash and cash equivalents, beginning of year	<u>347,169</u>	<u>349,813</u>
Cash and Cash Equivalents, End of Year	<u>\$ 551,191</u>	<u>\$ 347,169</u>

Supplemental Information:

*During the years ended June 30, 2015 and 2014, the Organization capitalized website costs of \$11,650 and \$23,000, respectively, that were not paid by the fiscal year end.

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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, 2015 AND 2014

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 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.
D/B/A LARK PLAY DEVELOPMENT CENTER**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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 - 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.

i - Estimates

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

j - 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, 2014, 2013 and 2012 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.

Note 2 - Restriction on Net Assets

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

	<u>2015</u>	<u>2014</u>
Restricted for use in future periods	\$ 542,031	\$ 114,695
Capacity building	99,397	235,289
Play development	29,620	28,500
International programs	27,605	80,802
Fellowships	22,000	1,913
Communications	-	79,005
	<u>\$ 720,653</u>	<u>\$ 540,204</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 2 - Restriction on Net Assets (continued)

b) 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, 2015, \$227,308 was permanently restricted, of which \$113,654 is from the Foundation. The Organization may draw upon the cash reserve fund, provided however, 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.

Note 3 - Concentration of Credit Risk

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, 2015, the Organization's uninsured cash balances were \$165,868. 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, 2015, the Organization's investment balance did not exceed the SIPC limit.

Note 4 - Cash and 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, 2015 and 2014 was \$551,191 and \$347,169, 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, 2015 and 2014 consist of common stocks and equities. The fair value and quoted prices in active markets for identical assets for investments as of June 30, 2015 and 2014 was \$23,303 and \$17,609, respectively. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4 - Cash and Cash Equivalents and Investments (continued)

c) Investment Income (Loss)

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

	<u>2015</u>	<u>2014</u>
Realized gain (loss) on sale of investments	\$ 1,311	\$ (523)
Interest and dividend income	119	223
Unrealized loss on investments	(264)	(83)
Net investment income (loss)	<u>\$ 1,166</u>	<u>\$ (383)</u>

Note 5 - Unconditional Promises to Give

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%.

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

	<u>2015</u>			<u>2014</u>
	<u>Less Than One Year</u>	<u>One to Three Years</u>	<u>Total</u>	<u>Less Than One Year</u>
Unrestricted	\$ 78,895	\$ -	\$ 78,895	\$ 127,678
Temporarily restricted	144,977	303,200	448,177	141,750
Permanently restricted	<u>3,959</u>	<u>-</u>	<u>3,959</u>	<u>-</u>
	227,831	303,200	531,031	269,428
Less: discount for present value	<u>-</u>	<u>(41,170)</u>	<u>(41,170)</u>	<u>-</u>
	<u>\$ 227,831</u>	<u>\$ 262,030</u>	<u>\$ 489,861</u>	<u>\$ 269,428</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life/Years</u>	<u>2015</u>	<u>2014</u>
Leasehold improvements	10	\$ 1,122,948	\$ 1,122,948
Furniture and equipment	5-7	258,765	258,765
Website	3	48,200	23,000
Artwork	n/a	<u>15,000</u>	<u>15,000</u>
		1,444,913	1,419,713
Less: accumulated depreciation		<u>(353,367)</u>	<u>(281,839)</u>
		<u>\$ 1,091,546</u>	<u>\$ 1,137,874</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$71,528 and \$72,383, respectively.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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, 2015:

For the year ending June 30, 2016	\$ 282,452
“ “ “ “ June 30, 2017	289,513
“ “ “ “ June 30, 2018	296,751
“ “ “ “ June 30, 2019	304,170
“ “ “ “ June 30, 2020	311,774
Thereafter, through July 31, 2022	<u>674,478</u>
Total	<u>\$ 2,159,138</u>

Rent expense for the years ended June 30, 2015 and 2014 was \$316,168 and \$277,471, 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, 2015 and 2014 was \$195,906 and \$194,307, 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, 2015 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.
D/B/A LARK PLAY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 - Donated Services

The Organization received donated professional services during the years ended June 30, 2015 and 2014 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, 2015 and 2014.

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 8, 2015, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

FK PARTNERS
FRIED AND KOWGIOS PARTNERS LLP

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**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 years ended June 30, 2015 and 2014, and have issued our report thereon dated September 8, 2015, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2015 with comparative totals for 2014 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.

Fried and Kowgios Partners CPA's LLP

New York, New York
September 8, 2015

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

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Expense	Supporting Services			2015	2014
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 406,319	\$ 79,934	\$ 165,383	\$ 245,317	\$ 651,636	\$ 651,774
Employee benefits and payroll taxes	69,565	13,685	28,314	41,999	111,564	116,045
Artistic fees	146,627	-	-	-	146,627	155,779
Travel and housing	113,303	3,166	8,912	12,078	125,381	148,078
Office rent	68,889	17,744	17,744	35,488	104,377	93,604
Theatre rent	211,791	-	-	-	211,791	183,867
Deferred rent	1,414	92	92	184	1,598	8,320
Other theatre expenses	73,026	-	-	-	73,026	77,487
Production resource fees	-	-	-	-	-	105,418
Equipment purchases	15,374	2,196	4,393	6,589	21,963	12,897
Office supplies	6,002	16,870	3,822	20,692	26,694	15,337
Printing and postage	1,465	209	684	893	2,358	2,786
Insurance	10,030	1,433	2,866	4,299	14,329	14,580
Utilities	5,009	1,290	1,290	2,580	7,589	9,716
Marketing	21,556	-	-	-	21,556	19,672
Equipment rental	2,100	300	600	900	3,000	2,856
Maintenance	1,191	260	364	624	1,815	2,573
Telephone	3,536	478	769	1,247	4,783	4,975
Event expenses	-	-	6,479	6,479	6,479	1,860
Indirect benefit expense	-	-	-	-	-	19,517
Professional fees	-	39,756	-	39,756	39,756	53,416
License, fees, dues and subscriptions	11,295	4,641	4,532	9,173	20,468	9,719
Miscellaneous	-	-	355	355	355	275
Total expenses before depreciation	1,168,492	182,054	246,599	428,653	1,597,145	1,710,551
Depreciation	47,208	12,160	12,160	24,320	71,528	72,383
Total Expenses, 2015	<u>\$ 1,215,700</u>	<u>\$ 194,214</u>	<u>\$ 258,759</u>	<u>\$ 452,973</u>	<u>\$ 1,668,673</u>	
Total Expenses, 2014	<u>\$ 1,300,038</u>	<u>\$ 198,816</u>	<u>\$ 284,080</u>	<u>\$ 482,896</u>		<u>\$ 1,782,934</u>

See independent auditor's report on supplemental information.