

PAUL TAYLOR DANCE FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2016 AND 2015

PAUL TAYLOR DANCE FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Paul Taylor Dance Foundation, Inc.

We have audited the accompanying financial statements of Paul Taylor Dance Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paul Taylor Dance Foundation, Inc. as of June 30, 2016 and 2015, 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.

Lotz + Carr, LLP

New York, New York
November 16, 2016

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1b and 7)	\$ 528,375	\$ 5,310,711
Unconditional promises to give (Notes 1c and 3a)		
Unrestricted	582,000	244,402
Board designated reserve	1,087,544	1,107,454
Restricted to future programs and periods	187,500	555,064
Accounts and other receivables	46,854	43,382
Prepaid expenses and other current assets	101,629	183,740
Investments (Notes 1d and 4)	2,543,078	523,708
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 5)	2,633,226	2,917,280
Security deposits	<u>77,450</u>	<u>77,450</u>
Total Assets	<u>\$ 7,787,656</u>	<u>\$10,963,191</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 51,794	\$ 60,402
Deferred income (Note 1f)	162,932	65,419
Deferred rent (Note 1g)	<u>356,888</u>	<u>348,853</u>
Total Liabilities	<u>571,614</u>	<u>474,674</u>
Commitments and Contingency (Notes 6 and 8)		
Net Assets		
Unrestricted		
Other	204,332	299,735
Board designated reserve (Note 2a)	3,245,595	5,774,354
Property and equipment	<u>1,653,226</u>	<u>1,937,280</u>
Total Unrestricted	<u>5,103,153</u>	<u>8,011,369</u>
Temporarily restricted (Note 2b)	1,722,889	2,087,148
Permanently restricted (Note 2c)	<u>390,000</u>	<u>390,000</u>
Total Net Assets	<u>7,216,042</u>	<u>10,488,517</u>
Total Liabilities and Net Assets	<u>\$ 7,787,656</u>	<u>\$10,963,191</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 1,014,535	\$ 826,465
Box office income	851,099	994,380
Contributions	2,848,819	3,231,929
Benefit income	893,379	962,569
Costs of direct benefits to donors	(198,443)	(209,527)
Commissions	25,000	-
Tuition and registration fees	220,652	212,421
Rental income	25,615	19,372
Investment income (Note 4)	2,956	1,377
Licensing and other fees	125,446	5,000
Miscellaneous	27,001	35,948
	<u>5,836,059</u>	<u>6,079,934</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	387,500	-
Appropriations from board designated reserve	2,595,800	2,200,000
	<u>2,983,300</u>	<u>2,200,000</u>
Total Revenue, Gains and Other Support from Operating Activities	<u>8,819,359</u>	<u>8,279,934</u>
Expenses		
Program Services		
Performances - Tours	2,336,859	2,295,261
Performances - New York Season	3,176,544	3,164,694
New works and PTAMD	1,240,031	1,194,375
Repertory preservation	280,987	236,201
School	457,622	433,630
Licensing and other projects	131,171	51,798
Total Program Services	<u>7,623,214</u>	<u>7,375,959</u>
Supporting Services		
Management and general	405,930	375,565
Fundraising	789,604	669,921
Total Supporting Services	<u>1,195,534</u>	<u>1,045,486</u>
Total Expenses	<u>8,818,748</u>	<u>8,421,445</u>
Increase (Decrease) in Unrestricted Net Assets from Operating Activities (carried forward)	<u>611</u>	<u>(141,511)</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Unrestricted Net Assets from Operating Activities (brought forward)	\$ 611	\$ (141,511)
Non-Operating Activities		
Contributions for board designated reserve	46,734	5,756
Investment income (Note 4)	20,307	-
Appropriations from board designated reserve	(2,595,800)	(2,200,000)
Write-off of board designated reserve pledges	-	(30,000)
Depreciation expense	(384,533)	(388,869)
Deferred rent expense	(8,035)	(17,866)
Contributions for construction	12,500	-
Total Non-Operating Activities	<u>(2,908,827)</u>	<u>(2,630,979)</u>
Decrease in Unrestricted Net Assets	<u>(2,908,216)</u>	<u>(2,772,490)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	19,936	555,064
Investment income (Note 4)	3,305	3,531
Net assets released from restrictions	<u>(387,500)</u>	<u>-</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(364,259)</u>	<u>558,595</u>
Decrease in net assets	(3,272,475)	(2,213,895)
Net assets, beginning of year	<u>10,488,517</u>	<u>12,702,412</u>
Net Assets, End of Year	<u><u>\$ 7,216,042</u></u>	<u><u>\$10,488,517</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (3,272,475)	\$ (2,213,895)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Bad debt expense	12,000	36,750
Depreciation	384,533	388,869
Donated securities	(157,654)	(182,839)
Net realized gains on donated securities	(576)	(65)
Deferred rent	8,035	17,866
Cash received for board designated reserve	(87,234)	(396,000)
(Increase) decrease in:		
Unconditional promises to give	37,876	123,914
Accounts and other receivables	(3,472)	(13,242)
Touring fees receivable	-	126,000
Prepaid expenses and other current assets	82,111	(65,943)
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,608)	20,420
Deferred income	97,513	(10,141)
Net Cash Used By Operating Activities	<u>(2,907,951)</u>	<u>(2,168,306)</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(100,479)	(173,814)
Proceeds from sale of investments	158,230	182,904
Purchase of investments	(2,019,370)	(3,531)
Net Cash Provided (Used) By Investing Activities	<u>(1,961,619)</u>	<u>5,559</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	<u>87,234</u>	<u>396,000</u>
Net decrease in cash and cash equivalents	(4,782,336)	(1,766,747)
Cash and cash equivalents, beginning of year	<u>5,310,711</u>	<u>7,077,458</u>
Cash and Cash Equivalents, End of Year	<u>\$ 528,375</u>	<u>\$ 5,310,711</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Paul Taylor Dance Foundation, Inc. oversees the activities of Paul Taylor's American Modern Dance, the Paul Taylor Dance Company, Taylor 2, the Taylor School and the licensing of Taylor works. The Paul Taylor Dance Company and Taylor 2 present the works of Choreographer Paul Taylor. Mr. Taylor creates new works each year, and the Company presents these works, plus a full repertory of older works, as it tours world-wide. The Organization's main sources of revenue are from performance fees, box office income and contributions.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments, purchased with a maturity of three months or less, such as money market funds and short-term depositories, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when received or when the donor makes a promise to give to the Organization 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.

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest, gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the income is recognized.

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Organization's investments is measured using Level 1 inputs, quoted prices in active markets.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Property and Equipment**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset.

f - Performance and Tuition Revenue

Performance and tuition revenue is deferred upon receipt and is then recognized in the period the performance or class takes place.

g - Rent Expense

The Organization records rent expense associated with its studio and office lease on a straight-line basis over the life of the lease (see Note 6a). The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

h - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

i - Tax Status

Paul Taylor Dance Foundation, Inc. is a not-for-profit organization 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.

j - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Functional Allocation of Expenses

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

l - Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for 2016 and 2015 was \$519,660 and \$405,251, respectively.

m - Subsequent Events

The Organization has evaluated subsequent events through November 16, 2016, the date that the financial statements are considered available to be issued.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 2 - Net Assets

a - Board Designated Reserve

During the year ended June 30, 2014, the Board of Directors established a board-designated reserve fund for Paul Taylor's American Modern Dance. The fund consists of contributions received and unconditional promises to give.

During the years ended June 30, 2016 and 2015, the Board of Directors appropriated \$2,595,800 and \$2,200,000, respectively, from the fund to support the operations of Paul Taylor's American Modern Dance.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	2016	2015
Legacy Fund (Note 5)	\$1,535,389	\$1,532,084
Future programs and periods	187,500	555,064
Total	\$1,722,889	\$2,087,148

The Legacy Fund consists of a \$500,000 grant from The Andrew W. Mellon Foundation, matching funds (see Note 5), and accrued interest. This is a temporarily restricted fund to be expended over a period of no more than three years from the starting point of transition from the founding artistic director, to support expenses caused by the transition.

c - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

Cash Reserve:

National Endowment for the Arts Challenge Grant and matching contributions. All advances must normally be repaid within one year, but no later than two years. \$220,000

The Rockefeller Brothers Fund for cash reserves to strengthen the Organization's long-term financial viability. 150,000

Dancer Emergency Fund:

National Endowment for the Arts Challenge Grant and matching contributions. Used to maintain dancers at full salary during protracted recoveries from serious injury or illness or through personal emergencies. Any amounts borrowed from this fund are to be repaid within two years from unrestricted net assets. 20,000

\$390,000

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 3 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2016	2015
Less than one year	\$1,004,515	\$ 759,760
One to six years	893,398	1,278,500
	1,897,913	2,038,260
Less: Discount to present value	(40,869)	(131,340)
	\$1,857,044	\$1,906,920

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give due after one year are discounted to present value using a discount rate of 3%.

b - Conditional Promises to Give

The Organization has received various pledges relating to the board-designated reserve fund that were conditional in nature. The total of these conditional pledges, approximately \$729,000, have not been recorded within the financial statements of the Organization.

Note 4 - Investments

Investments, which are classified as Level 1 in the fair value hierarchy, consist of certificates of deposit at June 30, 2016 and 2015. Cost approximates fair value.

Net investment income consists of the following:

	2016	2015
Interest and dividends	\$25,992	\$4,843
Net realized gains on donated securities	576	65
	\$26,568	\$4,908

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Leasehold improvements	Life of lease	\$2,636,051	\$2,636,051
Apartment	27.5 years	1,088,000	1,088,000
Equipment	5 years	161,806	150,535
Furniture	7 years	81,606	73,984
Lease acquisition costs	Life of lease	24,150	24,150
Costumes and sets	3-10 years	433,079	446,275
Website	3 years	-	15,000
		<u>4,424,692</u>	<u>4,433,995</u>
Less: Accumulated depreciation		<u>(1,791,466)</u>	<u>(1,516,715)</u>
Total		<u>\$2,633,226</u>	<u>\$2,917,280</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$384,533 and \$388,869, respectively.

Proceeds of \$980,000 from the future disposition of the apartment will fund the match of the Legacy Fund (Note 2b).

Note 6 - Commitments and Contingency

a - The Organization entered into a lease in 2009 expiring February 29, 2024 for studio and office space. Under the terms of the lease, starting in 2014, the annual base rent is determined by using the higher of the stated base rent or the annual base rent for the immediately preceding lease year increased by the Consumer Price Index (CPI) Adjustment.

Minimum annual rentals under this lease, assuming the per annum base rent, are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 347,651
2018	358,081
2019	370,040
2020	384,842
2021	400,236
Thereafter, through February 29, 2024	1,145,332

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****Note 6 - Commitments and Contingency (continued)**

a - (continued)

Rent expense for the years ended June 30, 2016 and 2015 was \$350,399 and \$349,739, respectively.

b - The Organization and its Founder/Artistic Director, Paul Taylor ("Director"), entered into an agreement, effective May 12, 2009, in which the Organization obtained the licenses to use the Director's name and likeness and to perform the Director's choreography beyond the time the Director no longer serves as the Organization's Artistic Director. In consideration for the licenses, the Organization pays the Director annual licensing and royalty fees subject to annual increases of 3%. The Organization will also provide an annual salary, medical coverage, transportation and a residence for the Director from the date of the agreement through the remainder of the Director's life. Since a date of retirement is not known, any post-retirement benefits included in the agreement have not been accrued within the financial statements.

c - The Organization has a \$250,000 line of credit with Signature Bank. There were no borrowings on the line during the years ended June 30, 2016 and 2015, respectively.

d - Government supported projects are subject to audit by the applicable granting agency.

Note 7 - Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in several financial institutions located in New York State. The cash balances, at times, may exceed federally insured limits.

Note 8 - Retirement Plan

The Organization has a 401(k) plan for all eligible employees. A discretionary matching contribution is made to match 100% of an employee's contribution up to 2% of the employee's compensation, maximum of \$1,000. There were no contributions to the pension plan during the years ended June 30, 2016 and 2015.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 9 - Expenses by Functional Classification

Expenses by functional classification for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Operating expenses per the Statement of Activities	\$8,818,748	\$8,421,445
Depreciation	384,533	388,869
Deferred rent expense	8,035	17,866
Write-off of board designated reserve pledges	<u>-</u>	<u>30,000</u>
	<u>\$9,211,316</u>	<u>\$8,858,180</u>
 Program Services		
Performances - Tours	\$2,413,765	\$2,373,035
Performances - New York Season	3,214,997	3,203,581
New works and PTAMD	1,374,617	1,330,479
Repertory preservation	280,987	236,201
School	534,529	511,404
Licensing and other projects	131,171	51,798
Total Program Services	<u>7,950,066</u>	<u>7,706,498</u>
 Supporting Services		
Management and general	452,419	432,318
Fundraising	<u>808,831</u>	<u>719,364</u>
Total Supporting Services	<u>1,261,250</u>	<u>1,151,682</u>
 Total Expenses	<u>\$9,211,316</u>	<u>\$8,858,180</u>

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Paul Taylor Dance Foundation, Inc.

We have audited the financial statements of Paul Taylor Dance Foundation, Inc. as of and for the years ended June 30, 2016 and 2015, and our report thereon dated November 16, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted 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 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.

Lutz + Carr, LLP

New York, New York
November 16, 2016

PAUL TAYLOR DANCE FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services								Supporting Services			2016	2015	
	Performances			New York Season	New Works and PTAMD	Repertory Preservation	School	Licensing and Other Projects	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
	PTDC	Tours Taylor 2	Total											
Salaries and fees	\$ 874,036	\$330,199	\$1,204,235	\$ 916,670	\$ 719,135	\$ 208,042	\$257,693	\$ 40,919	\$3,346,694	\$ 169,416	\$ 346,134	\$ 515,550	\$3,862,244	\$3,583,919
Payroll taxes and fringe benefits	161,828	60,649	222,477	353,423	143,500	36,103	47,682	21,570	824,755	22,000	63,726	85,726	910,481	917,350
Occupancy expenses	51,447	49,864	101,311	289,976	174,241	20,232	105,566	4,628	695,954	49,784	39,092	88,876	784,830	789,139
Advertising and publicity	4,052	1,434	5,486	586,933	3,823	478	6,898	382	604,000	300	4,830	5,130	609,130	502,799
Per diems and tours	294,784	41,183	335,967	26,172	2,754	76	2,568	1,250	368,787	271	2,331	2,602	371,389	416,781
Transportation and travel	306,729	45,248	351,977	17,052	15,607	4,422	2,057	1,983	393,098	3,406	8,221	11,627	404,725	309,484
Professional fees	4,462	21,242	25,704	-	743	-	7,400	420	34,267	37,726	166,123	203,849	238,116	331,786
Insurance	11,942	6,568	18,510	13,635	5,971	2,985	11,941	3,227	56,269	5,971	597	6,568	62,837	64,440
Artist fees	-	-	-	110,257	120,976	200	-	51,000	282,433	-	2,950	2,950	285,383	227,330
Office expenses	5,127	359	5,486	16,613	293	955	7,436	994	31,777	78,122	14,722	92,844	124,621	138,319
Costumes and scenery	14,205	957	15,162	8,489	11,237	180	938	-	36,006	1,471	810	2,281	38,287	41,447
Production expenses	9,820	1,255	11,075	27,648	2,948	4,259	559	1,025	47,514	2,009	7,749	9,758	57,272	73,308
Music	3,150	-	3,150	691,784	23,179	-	200	625	718,938	5,119	450	5,569	724,507	729,000
Entertainment and reception	23,202	1,291	24,493	93,448	3,873	2,913	250	3,126	128,103	18,685	91,828	110,513	238,616	170,247
Postage, printing and mailing	2,718	1,542	4,260	22,473	4,852	142	2,491	22	34,240	1,155	27,722	28,877	63,117	93,112
Telephone	5,425	2,141	7,566	1,971	6,899	-	3,943	-	20,379	1,971	1,319	3,290	23,669	24,923
Bad debt expense	-	-	-	-	-	-	-	-	-	1,000	11,000	12,000	12,000	6,750
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	7,524	-	7,524	7,524	1,311
Total expenses before items below	1,772,927	563,932	2,336,859	3,176,544	1,240,031	280,987	457,622	131,171	7,623,214	405,930	789,604	1,195,534	8,818,748	8,421,445
Depreciation expense	38,453	38,453	76,906	38,453	134,586	-	76,907	-	326,852	38,454	19,227	57,681	384,533	388,869
Deferred rent expense	-	-	-	-	-	-	-	-	-	8,035	-	8,035	8,035	17,866
Write-off of board designated reserve pledges	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000
Total Expenses, 2016	<u>\$1,811,380</u>	<u>\$602,385</u>	<u>\$2,413,765</u>	<u>\$3,214,997</u>	<u>\$1,374,617</u>	<u>\$ 280,987</u>	<u>\$534,529</u>	<u>\$ 131,171</u>	<u>\$7,950,066</u>	<u>\$ 452,419</u>	<u>\$ 808,831</u>	<u>\$1,261,250</u>	<u>\$9,211,316</u>	
Total Expenses, 2015	<u>\$1,772,472</u>	<u>\$600,563</u>	<u>\$2,373,035</u>	<u>\$3,203,581</u>	<u>\$1,330,479</u>	<u>\$ 236,201</u>	<u>\$511,404</u>	<u>\$ 51,798</u>	<u>\$7,706,498</u>	<u>\$ 432,318</u>	<u>\$ 719,364</u>	<u>\$1,151,682</u>		<u>\$8,858,180</u>

See independent auditors' report on supplementary information.