Financial Statements and
Independent Auditors' Report

LAGUNA PLAYHOUSE

What's Going On.

For the Year Ended June 30, 2016

(With 2015 Summarized Comparative Information)

Financial Statements and Independent Auditors' Report

LAGUNA PLAYHOUSE

What's Going On.

For the Year Ended June 30, 2016
(With 2015 Summarized Comparative Information)

THE LAGUNA PLAYHOUSE

Table of Contents

300 SPECTRUM CENTER DRIVE
SUITE 300 • IRVINE, CA 92618
949.450.6200 FAX 949.450.6201
www.hwcpa.com

HASKELL & WHITE LLP
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS
The Value of Experience
LEA global
leading edge alliance

9171 TOWNE CENTRE DRIVE
SUITE 190 • SAN DIEGO, CA 92122
858.249.7444 FAX 858.249.7445
www.hwcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Laguna Playhouse

Report on the Financial Statements

We have audited the accompanying financial statements of The Laguna Playhouse (the "Playhouse"), 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Playhouse 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.

Report on Summarized Comparative Information

We have previously audited the Playhouse's 2015 financial statements, and our report dated November 18, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HASKELL & WHITE LLP

Irvine, California
December 12, 2016

THE LAGUNA PLAYHOUSE

Statement of Financial Position
As of June 30, 2016
(With summarized financial information as of June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total 2016**	Total 2015
Assets					
Cash and cash equivalents	$ 777,348	$ 72,292	$ 122,390	**$ 972,030**	$ 976,575
Investments (Note 7)	29,998	-	-	**29,998**	29,998
Investments - restricted (Note 5)	146,821	-	-	**146,821**	146,288
Prepaid expenses	322,102	-	-	**322,102**	261,921
Contributions receivable (Note 3)	74,700	717,405	-	**792,105**	442,790
Property and equipment, net (Note 4)	557,529	-	-	**557,529**	570,905
Trade receivables	6,654	-	-	**6,654**	-
Other assets	1,558	-	-	**1,558**	1,558
Total assets	$ 1,916,710	$ 789,697	$ 122,390	**$ 2,828,797**	$ 2,430,035
Liabilities					
Accounts payable and accrued expenses	$ 145,228	$ -	$ -	**$ 145,228**	$ 160,465
Deferred revenue - tickets (Note 6)	937,555	-	-	**937,555**	854,670
Notes payable (Note 5)	276,733	-	-	**276,733**	314,109
Total liabilities	1,359,516	-	-	**1,359,516**	1,329,244
Commitments and contingencies (Note 7)					
Net assets (Note 2)					
Unrestricted	557,194	-	-	**557,194**	602,616
Temporarily restricted	-	789,697	-	**789,697**	388,255
Permanently restricted	-	-	122,390	**122,390**	109,920
Total net assets	557,194	789,697	122,390	**1,469,281**	1,100,791
Total liabilities and net assets	$ 1,916,710	$ 789,697	$ 122,390	**$ 2,828,797**	$ 2,430,035

See accompanying notes to financial statements and independent auditors' report.

THE LAGUNA PLAYHOUSE

Statement of Activities
For The Year Ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total 2016**	Total 2015
Revenue and support					
Admissions	$ 2,975,025	$ -	$ -	**$ 2,975,025**	$ 2,998,118
Contributions	983,830	470,599	12,470	**1,466,899**	840,167
Special events (Note 2)	159,249	-	-	**159,249**	61,357
Concessions	226,423	-	-	**226,423**	196,116
Tuition	42,734	-	-	**42,734**	52,548
Touring	3,700	-	-	**3,700**	3,000
Interest	146	1,198	-	**1,344**	1,147
Donated services	171,964	-	-	**171,964**	129,159
Rental and other income	68,401	-	-	**68,401**	101,337
Total revenue	4,631,472	471,797	12,470	**5,115,739**	4,382,949
Net assets released from restriction	70,355	(70,355)	-	**-**	-
Total revenue and support	4,701,827	401,442	12,470	**5,115,739**	4,382,949
Expenses					
Program services:					
Production costs	2,324,602	-	-	**2,324,602**	2,177,025
Education	361,816	-	-	**361,816**	259,780
Supporting activities:					
General and administrative	547,516	-	-	**547,516**	453,799
Marketing and advertising	1,213,893	-	-	**1,213,893**	1,136,590
Fundraising (Note 2)	299,422	-	-	**299,422**	296,065
Total expenses	4,747,249	-	-	**4,747,249**	4,323,259
Change in net assets	(45,422)	401,442	12,470	**368,490**	59,690
Net assets, beginning of year	602,616	388,255	109,920	**1,100,791**	1,041,101
Net assets, end of year	$ 557,194	$ 789,697	$ 122,390	**$ 1,469,281**	$ 1,100,791

See accompanying notes to financial statements and independent auditors' report.

THE LAGUNA PLAYHOUSE

Statement of Cash Flows
For The Year Ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

	2016	2015
Cash flows from operating activities		
Change in net assets	**$ 368,490**	$ 59,690
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	**106,605**	101,908
Loss on disposal of equipment	**7,308**	-
Changes in assets and liabilities		
Prepaid expenses	**(60,181)**	(23,350)
Contributions receivable	**(349,315)**	(18,812)
Trade receivables	**(6,654)**	-
Other assets	**-**	8,218
Accounts payable and accrued expenses	**(15,237)**	(29,505)
Deferred revenue - tickets	**82,885**	(115,831)
Net cash provided (used) by operating activities	**133,901**	(17,682)
Cash flows from investing activities		
Purchases of property and equipment	**(101,070)**	(192,397)
Purchases of investments	**-**	(146,288)
Net cash used by investing activities	**(101,070)**	(338,685)
Cash flows from financing activities		
Proceeds from notes payable	**-**	133,750
Repayment of notes payable	**(37,376)**	(7,476)
Net cash (used) provided by financing activities	**(37,376)**	126,274
Net decrease in cash and cash equivalents	**(4,545)**	(230,093)
Cash and cash equivalents - beginning of year	**976,575**	1,206,668
Cash and cash equivalents - end of year	**$ 972,030**	$ 976,575
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	**$ 13,728**	$ 13,605
Disposal of property and equipment	**$ 67,802**	$ 121,494

See accompanying notes to financial statements and independent auditors' report.

Notes to Financial Statements
For the Year Ended June 30, 2016

1. Description of Organization

Founded in 1920, and incorporated in 1929, The Laguna Playhouse (the "Playhouse") is the oldest continuously operating theater on the West Coast. Located in Laguna Beach, California, the Playhouse produces theatrical productions for adults and children and provides the community with educational programs.

The Playhouse is organized as a nonprofit, tax-exempt literary and educational corporation under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Playhouse prepares its financial statements on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net assets are divided into three categories according to donor-imposed restrictions. The following is an explanation of the net asset categories included in the accompanying financial statements:

- Unrestricted net assets are not subject to donor-imposed restrictions and represent the portion of the expendable funds available for support of the general operations of the Playhouse.

- Temporarily restricted net assets consist of contributions that are subject to specific donor-imposed stipulations that can be fulfilled by actions of the Playhouse pursuant to those stipulations, or that expire by the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2016, temporarily restricted net assets consisted primarily of interests in charitable remainder trusts, promises to give that are due in future periods, funds received that contain donor-imposed restrictions and unappropriated earnings on permanently restricted funds.

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- Permanently restricted net assets consist of funds that are subject to donor-imposed restrictions which stipulate that the principal be maintained in perpetuity and invested for the purposes of producing present and future income that may be expended for support of the general operations of the Playhouse.

When donor imposed restrictions on contributions and investment income are met within the same reporting period, they are presented as increases in unrestricted net assets.

Special events are presented in the accompanying statement of activities net of fundraising expenses related to the annual Gala. Total fundraising expenses incurred for this event were $262,617 and $187,938 for the years ended June 30, 2016 and 2015.

Certain prior year information has been reclassified to conform to the current year presentation. The Playhouse has changed the presentation of expenses related to the Gala as reductions from special event revenue rather than unrestricted contributions; the effect of which is a reclassification of $187,938 which increases revenue and support from contributions and reduces revenue and support from special events for the year ended June 30, 2015.

Comparative Financial Information

The accompanying financial statements include prior year summarized, comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Playhouse's June 30, 2015 audited financial statements from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give are recorded at net realizable value, if expected to be collected within one year, and at fair value, if expected to be collected in more than one year. Conditional promises to give are recognized as revenues when all conditions on which they depend are substantially met.

Donated Services

Donated services aggregated $171,964 during the year ended June 30, 2016 and consisted of in-kind rent for administrative offices and housing for production employees, and goods

2. Summary of Significant Accounting Policies (continued)

Donated Services (continued)

and services related to items donated to special fundraising events. In addition, the Playhouse received donated services related to its theatrical productions. Approximately 7,000 hours of donated services were received in fiscal year 2016, but were not recognized in the financial statements because they did not meet the criteria for financial statement recognition.

Fundraising Expenses

The accompanying statement of activities includes fundraising expenses of $299,422 and $296,065 for the years ended June 30, 2016 and 2015, which do not include annual Gala expenses of $262,617 and $187,938 for those respective years, as they are presented net of Gala contributions. Total fundraising expenses inclusive of annual Gala expenses for the year ended June 30, 2016 and 2015 were $562,039 and $484,003.

Cash and Cash Equivalents

The Playhouse considers cash equivalents to include time deposits, certificates of deposit, money market funds, and highly-liquid investments with maturities of three months or less when acquired.

Fair Value

GAAP defines fair value as the price that the Playhouse would receive to sell an asset, or pay to transfer a liability, in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the Playhouse's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. Assets and liabilities are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 - inputs are quoted prices in active markets.
Level 2 - inputs are observable, directly or indirectly.
Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

2. Summary of Significant Accounting Policies (continued)

Fair Value (continued)

As of June 30, 2016, investments consist of Actors' Equity Association bonds (Note 7) and contributions receivable (temporarily restricted) include interests in charitable remainder trusts (Note 3). The valuation of investments was determined using Level 2 inputs, while the valuation of interests in charitable remainder trusts was determined using primarily Level 3 inputs.

The following is a reconciliation of interests in charitable remainder trusts for which significant unobservable inputs (Level 3) were used in determining fair value:

Balances as of June 30, 2015	$	305,425
Net decrease in estimated fair value of interests		(22,030)
Decrease in present value discount		30,451
Balances as of June 30, 2016	$	313,846

Property and Equipment

Property and equipment are carried at cost or, if donated, at estimated fair value on the date of donation. Depreciation and amortization of property and equipment are provided over their estimated useful lives using the straight-line method. The estimated useful lives range from 2 to 30 years.

Impairment Charges

The Playhouse reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2016.

Allocated Expenses

Production and operational costs are primarily allocated among program services and supporting activities on the basis of estimated usage, as determined by management.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Playhouse qualifies as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Revenue and Taxation Code and, therefore, is not subject to income tax. Management does not believe the Playhouse has any potential uncertain tax positions, such as unrelated business income or activities that may jeopardize its tax-exempt status. The Playhouse is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Playhouse's management believes it is no longer subject to income tax examinations for years prior to 2013.

Endowment Disclosures

The Playhouse's permanently restricted assets consist of cash of $122,390. The Playhouse has no funds designated by the Board of Trustees to function as endowments.

The Playhouse classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Playhouse in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA").

In accordance with UPMIFA, the Playhouse considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purpose of the organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the organization
7) The investment policy of the organization

2. Summary of Significant Accounting Policies (continued)

Endowment Disclosures (continued)

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Playhouse to retain as a fund of perpetual duration.

Based on the limited size of the Playhouse's endowment assets, formal investment and spending policies have not yet been developed.

Concentration of Credit Risk

Credit risk is the failure of another party to perform in accordance with contract terms. Financial instruments which potentially subject the Playhouse to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments.

The Playhouse maintains its cash and cash equivalent balances with several financial institutions that from time to time exceed amounts insured by the Federal Deposit Insurance Corporation. To date, the Playhouse has not experienced any losses in such accounts and management believes the Playhouse is not exposed to any significant credit risk for its cash and cash equivalents.

With respect to receivables, the Playhouse routinely assesses the financial strength of its creditors and believes that the related credit risk exposure is limited.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

3. Contributions Receivable

Contributions receivable consist of the following as of June 30, 2016:

Interests in charitable remainder trusts (temporarily restricted)	$ 313,846
Contributions receivable (temporarily restricted)	403,559
Contributions receivable (unrestricted)	74,700
	$ 792,105

3. Contributions Receivable (continued)

The Playhouse is named as a third-party beneficiary in four irrevocable charitable remainder trust agreements for which it is not the trustee. The trusts shall terminate upon the death of the primary beneficiaries, at which time the Playhouse expects to receive its portion of the remaining trust assets, which are unrestricted. Based on information obtained from the trustees and estimates made by management of the Playhouse with respect to expected investment returns, required benefit payments and primary beneficiaries' life expectancies, the Playhouse's aggregate estimated interests in the four charitable remainder trusts was $313,846 as of June 30, 2016.

Of the temporarily restricted receivables, $198,486 is expected to be collected during the year ending June 30, 2017 and $205,073 is expected to be collected during the year ending June 30, 2018.

Unrestricted contributions receivables are expected to be collected in full during the year ending June 30, 2017.

4. Property and Equipment

Property and equipment consist of the following as of June 30, 2016:

Land	$ 125,622
Buildings	205,174
Leasehold improvements	1,385,491
Office equipment	494,596
Stage equipment	376,080
Furniture and fixtures	76,256
Vehicles	27,322
	2,690,541
Less: accumulated depreciation	(2,133,012)
	$ 557,529

Depreciation and amortization expense was $106,605 during the year ended June 30, 2016.

5. Notes Payable

Notes payable consist of the following as of June 30, 2016:

In November 1999, the Playhouse entered into an $85,000 mortgage note payable agreement to purchase a condominium. The note currently bears interest at 6.5% and is amortized over 30 years maturing on September 1, 2029.	$ 58,567

Notes to Financial Statements (continued)
For the Year Ended June 30, 2016

5. Notes Payable (continued)

In November 1999, the Playhouse entered into an $84,000 mortgage note payable agreement to purchase a condominium. The note currently bears interest at 6.5% and is amortized over 30 years maturing on October 1, 2029.	57,131
In October 1999, the Playhouse entered into an $86,800 mortgage note payable agreement to purchase a condominium. The note currently bears interest at 6.5% and is amortized over 30 years maturing on October 1, 2029.	56,685
	$ 172,383

Each note payable previously described is collateralized by a related condominium property.

In addition, the Playhouse entered into a loan agreement with a bank on August 27, 2014 with an original maximum borrowing amount of $130,000, a variable interest rate of 1.5% over the One Year Certificate of Deposit Rate (1.85% at June 30, 2016), and maturity date of December 5, 2019. On January 15, 2015, the credit limit under the note was increased to $146,000. The loan is secured by a $146,821 certificate of deposit with a term of more than ninety days, which earns interest at 0.35% per annum and is classified as a restricted investment. Annually, the certificate of deposit interest rate will be evaluated by the bank, and if it is revised, the interest rate on any outstanding principal balance will be adjusted to maintain a 1.5% spread. The balance due under this loan was $104,350 as of June 30, 2016. A Trustee of the Playhouse is an executive with this bank.

As of June 30, 2016, aggregate principal maturities of notes payable for each of the next five fiscal years and thereafter are as follows:

2017	$ 37,910
2018	38,480
2019	39,089
2020	26,487
2021	11,016
Thereafter	123,751
	$ 276,733

6. Deferred Revenue - Tickets

At June 30, 2016, the Playhouse has $937,555 of advance ticket sales for its 2016-2017 season. As each production is presented, the portion of the advance ticket sales that pertain to that production will be recognized as revenue. In the event any of the scheduled productions for the 2016-2017 season are not presented, the advance ticket collections for that production will be available for refund to the ticket holders.

7. Commitments and Contingencies

Laguna Beach Cultural Facilities Improvement Matching Grant

In March 2016, the City of Laguna Beach approved a cultural facilities improvement matching grant (the "Matching Grant"). Under the terms of the Matching Grant, the Playhouse may receive $250,000 per year for each of the next four years for approved facility improvements. Matching Grant guidelines require that the Playhouse match all grant funds with new or increased cash donations, increased earned revenues, new non-City of Laguna Beach grants, or facility improvement related in-kind contributions. While the first year's matching grant funds of $250,000 has already been appropriated by the City of Laguna Beach, future matching grant funding is not guaranteed and is subject to available one-time budget funds or mid-year savings. During the year ended June 30, 2016, the Playhouse did not receive any funds under the Matching Grant and did not receive necessary approvals regarding facility improvements and its matching obligations. As a result, no amounts have been recognized in the accompanying financial statements for the Matching Grant.

Leases

The Playhouse leases the land upon which its theater facilities and administrative offices are constructed under a noncancelable operating lease that expires on June 30, 2043. The related rent expense increases each year by the percentage increase in the Consumer Price Index for the Los Angeles – Orange County – Riverside metropolitan area for the preceding period of January 1 through December 31, subject to a maximum calculated on a cumulative limit of 4% each year. During the year ended June 30, 2016, the Playhouse incurred rent expense of $16,548.

On April 1, 2012, the Playhouse entered into a 36 month lease for office space at 580 Broadway, Laguna Beach, California. This office space is owned by an entity that is controlled by the then - Chairman of the Board of Trustees of the Playhouse. During the year ended June 30, 2015, this lease was extended for an additional 36 months at a base rate of $1,613 per month plus maintenance and other charges. During the year ended June 30, 2016, the Playhouse incurred total rent expense of $24,149 under this lease.

7. Commitments and Contingencies (continued)

Leases (continued)

Apartments, equipment, and rehearsal space are also leased on a short-term basis from time to time for use by actors and production personnel. Total rent expense associated with such items for the year ended June 30, 2016 amounted to $45,488.

Independent Producer's Letter of Agreement with an Actors' Union

Under the terms of a February 2013 collective bargaining unit agreement ratification (LORT C Non-Repertory Contract) and an annually renewed independent producer's letter of agreement (Theatre For Young Audiences ("TYA") Contract) with an actors' union, the Playhouse has agreed to recognize the union as the collective bargaining representative of all union actors and stage managers employed by the producer. Under the LORT agreement, the Playhouse has agreed to make weekly contributions of $170 per week per individual for health benefits through February 12, 2017, and a pension fund contribution in an amount equal to 8% of the employed individuals' gross weekly salary, beginning from the first day of rehearsal. Additionally, the Playhouse has agreed to make a payment into the 401(k) plan of each employed individual of 0.75% of minimum weekly payment per actor per each employment week under the LORT agreement. Under the TYA agreement, no health contributions are due, since the producer utilizes only the per-performance TYA contract; the producer has agreed to make a pension fund contribution in an amount equal to 3.5% of the employed individuals' gross weekly salary, beginning from the first day of rehearsal. Total health benefits paid were $23,396 for the year ended June 30, 2016, and total pension fund contributions amounted to $10,399.

Also, under the terms of the agreement, Actors' Equity Association bonds aggregating $29,998, owned by the Playhouse, have been pledged to the actors' union in order to secure performance related to the letter of agreement. The bonds are included in investments at June 30, 2016 in the accompanying statement of financial position.

Defined Contribution Plan

The Playhouse sponsors a defined contribution plan in which all full-time employees are eligible to participate, subject to certain length-of-service and age requirements. The Playhouse's contributions to the plan are made at the discretion of the Board of Trustees. During the year ended June 30, 2016, the Board of Trustees approved a $39,813 contribution to the plan.

8. Subsequent Events

Management has evaluated subsequent events through December 12, 2016, the date the financial statements were available to be issued.