LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Financial Statements and Consolidating Schedules

June 30, 2022

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Lincoln Center for the Performing Arts, Inc. and related entity:

Opinion

We have audited the consolidated financial statements of Lincoln Center for the Performing Arts, Inc. and related entity (the Organization), which comprise the consolidated balance sheet as of June 30, 2022, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the accompanying consolidating schedules as of and for the year ended June 30, 2022 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Lincoln Center for the Performing Arts, Inc. and related entity's 2021 consolidated financial statements, and we have expressed an unmodified audit opinion on those consolidated financial statements in our report dated November 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
December 14, 2022

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Balance Sheet

June 30, 2022
(With comparative financial information as of June 30, 2021)

(In thousands)

Assets		2022	2021
Cash and cash equivalents	$	71,106	95,358
Accounts and investment income receivable		14,435	16,601
Contributions and grants receivable, net (note 5)		146,292	170,133
Prepaid expenses, inventory, and other assets		8,204	6,520
Investments (note 6)		256,793	335,415
Right-of-use assets (note 10)		3,788	4,902
Fixed assets, net (note 7)		743,959	475,847
Total assets	$	1,244,577	1,104,776
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	48,870	37,741
Portion of shared redevelopment pledges due to the New York Philharmonic (note 3)		31,269	50,000
Deferred revenue – redevelopment (note 3)		181,535	74,812
Deferred revenue – operating		2,077	1,231
Lease liabilities (note 10)		4,065	5,344
Due to constituent organizations (pass-through contributions and grants, note 5)		16,000	20,000
Other liabilities		3,202	303
Bridge financing term loan – Redevelopment Project (note 9)		68,700	—
Long-term debt (note 9)		312,880	315,452
Total liabilities		668,598	504,883
Commitments and contingencies (notes 8, 9, 12, and 13)			
Net assets (notes 11 and 15):			
Without donor restrictions:			
General operating		(1,624)	(1,784)
Board designated		112,337	144,044
Redevelopment and other physical capital		(31,527)	(20,108)
Total net assets without donor restrictions		79,186	122,152
With donor restrictions:			
Purpose or time restricted		392,345	374,293
Endowment fund corpus		104,448	103,448
Total net assets with donor restrictions		496,793	477,741
Total net assets		575,979	599,893
Total liabilities and net assets	$	1,244,577	1,104,776

See accompanying notes to consolidated financial statements.

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Statement of Activities

Year ended June 30, 2022
(With summarized comparative financial information for the year ended June 30, 2021)

(In thousands)

	2022							
	Without donor restrictions				With donor restrictions			
	General operating	Board designated	Redevelopment and other physical plant (note 3)	Total	Purpose or time restricted	Endowment fund corpus	Total	2021 Total
Revenue:								
Contributions, private grants, and bequests	$ 16,440	—	25	16,465	73,302	1,000	90,767	152,219
Government grants	689	—	—	689	10,837	—	11,526	7,207
Investment return (note 6):								
Appropriated for current operations	5,560	—	—	5,560	6,904	—	12,464	10,699
In excess of amounts appropriated for current operations	—	(29,895)	50	(29,845)	(38,810)	—	(68,655)	69,526
Net realized and unrealized gain (loss) on swap agreements (note 9)	—	—	—	—	—	—	—	2,429
Box office and other program service revenue	302	—	—	302	—	—	302	265
Facilities services	31,744	3,413	(192)	34,965	—	—	34,965	27,339
Rental income	17,639	—	(602)	17,037	—	—	17,037	5,306
Other income	2,036	53	1,125	3,214	—	—	3,214	3,863
Special event revenue, net of expenses of $738 in 2022	4,092	—	—	4,092	—	—	4,092	—
Net assets released from restrictions	33,281	—	900	34,181	(34,181)	—	—	—
Write-off of uncollectible pledge	—	—	—	—	—	—	—	(4,000)
Total revenue	111,783	(26,429)	1,306	86,660	18,052	1,000	105,712	274,853
Expenses (note 14):								
Program services:								
Performance presentations	14,235	—	134	14,369	—	—	14,369	7,005
Education and outreach	3,226	—	216	3,442	—	—	3,442	3,152
Facilities management and services	54,338	207	11,478	66,023	—	—	66,023	53,691
Innovation and other	3,144	—	—	3,144	—	—	3,144	2,919
Interest and other financing costs, net (note 9)	6,000	(12)	3,358	9,346	—	—	9,346	10,031
Total program services	80,943	195	15,186	96,324	—	—	96,324	76,798
Supporting services:								
Management and general	26,602	—	3,120	29,722	—	—	29,722	24,333
Fundraising	3,127	—	453	3,580	—	—	3,580	3,868
Total supporting services	29,729	—	3,573	33,302	—	—	33,302	28,201
Total expenses	110,672	195	18,759	129,626	—	—	129,626	104,999
Excess (deficiency) of revenue over expenses	1,111	(26,624)	(17,453)	(42,966)	18,052	1,000	(23,914)	169,854
Transfers:								
Transfer from board-designated funds	49	(49)	—	—	—	—	—	—
Renewal and replacement reserve	(1,000)	1,000	—	—	—	—	—	—
Investment in fixed assets	—	(6,034)	6,034	—	—	—	—	—
Total transfers	(951)	(5,083)	6,034	—	—	—	—	—
Change in net assets	160	(31,707)	(11,419)	(42,966)	18,052	1,000	(23,914)	169,854
Net assets at beginning of year	(1,784)	144,044	(20,108)	122,152	374,293	103,448	599,893	430,039
Net assets at end of year	$ (1,624)	112,337	(31,527)	79,186	392,345	104,448	575,979	599,893

See accompanying notes to consolidated financial statements.

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Statement of Cash Flows

Year ended June 30, 2022
(With comparative financial information for the year ended June 30, 2021)

(In thousands)

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(23,914)	169,854
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Net realized and unrealized appreciation on investments		55,255	(81,269)
Change in fair value of interest rate swaps		—	(2,429)
Depreciation and amortization		10,305	11,427
Amortization of right-of-use assets		1,114	—
Loss on disposition of fixed assets		348	2,478
Contributions and grants restricted for permanent endowment		(1,000)	(490)
Contributions restricted for capital assets		(38,128)	(112,611)
Realized loss on debt extinguishment		—	557
Changes in operating assets and liabilities:			
Accounts and investment income receivable		(6,733)	3,063
Contributions and grants receivable		(2,783)	(11,662)
Prepaid expenses, inventory, and other assets		(1,782)	(698)
Accounts payable and accrued expenses and portion of shared redevelopment pledges due to the New York Philharmonic		27,868	(5,257)
Shared and pass-through contributions payable to constituents		(4,000)	69,950
Deferred revenue		846	(2,008)
Deferred revenue – Redevelopment Project		106,723	46,916
Other liabilities		2,899	—
Lease liabilities		(1,178)	(128)
Net cash provided by operating activities		125,840	87,693
Cash flows from investing activities:			
Purchase of fixed assets		(281,978)	(131,408)
Accounts receivable – capital		8,899	(4,705)
Accounts payable and accrued expenses – capital		(35,470)	20,870
Purchase of investments		(30,119)	(38,979)
Proceeds from the sale of investments		53,486	50,719
Swap termination payment		—	(69,716)
Net cash used in investing activities		(285,182)	(173,219)
Cash flows from financing activities:			
Contributions restricted for permanent endowment		1,000	490
Contributions restricted for capital assets		38,128	112,611
Change in contributions receivable for permanent endowment and capital		26,624	(44,194)
Change in funds held by bond trustee		98	(396)
Repayments on long-term debt – redevelopment projects		—	(151,250)
Repayments on line of credit borrowing		—	(30,000)
Repayments on financed equipment loan		(101)	(75)
Proceeds from bond issuance – redevelopment projects		—	152,580
Proceeds from bond issuance – swap termination		—	70,160
Proceeds from bridge financing term loan		69,341	(2,114)
Net cash provided by financing activities		135,090	107,812
Net (decrease) increase in cash, cash equivalents, and restricted cash		(24,252)	22,286
Cash, cash equivalents, and restricted cash:			
Beginning of year		95,358	73,072
End of year	$	71,106	95,358
Interest paid	$	12,365	11,748
Significant noncash investing and financing transactions:			
Recognition of right-of-use assets obtained in exchange for lease liabilities	$	—	805
Financed equipment purchase		—	378
	$	—	1,183

See accompanying notes to consolidated financial statements.

(1) Business

Lincoln Center for the Performing Arts, Inc. (LCPA) was founded in 1956 to develop and maintain a performing arts complex that would sustain and encourage the musical and performing arts. In addition to operating and maintaining some of the performance facilities at the LCPA site in New York City, LCPA provides programs and presents concerts and other performances that supplement the presentations of its fellow constituent organizations (collectively, the Constituents): the Chamber Music Society of Lincoln Center, Film at Lincoln Center, Jazz at Lincoln Center, the Juilliard School, the Vivian Beaumont Theater (the Lincoln Center Theater), the Metropolitan Opera, the New York City Ballet, the Philharmonic Symphony Society of New York, Inc. (New York Philharmonic Orchestra, or NYP), the New York Public Library for the Performing Arts, and the School of American Ballet. LCPA has agreements with its Constituents to provide certain use of facilities on the Lincoln Center campus, central facility services and to manage the consolidated Corporate Fund which benefits LCPA and its Constituents. Pursuant to these agreements, the costs of providing these services and the funds raised from the consolidated fundraising campaign are allocated among LCPA and its Constituents.

On January 12, 2001, Lincoln Center Development Project, Inc. (LCDP) was incorporated to implement and oversee the redevelopment of certain specified components of the campus. On May 24, 2010, LCDP became a wholly owned related entity of LCPA. In July 2012, LCDP amended its Certificate of Incorporation to expand its purposes beyond the boundaries of the Lincoln Center campus. The amendment embraces Lincoln Center’s goal of fostering the performing arts to improve the cultural life of communities throughout the United States and the world.

LCPA and LCDP are nonprofit organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

(2) Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of LCPA and LCDP (collectively, Lincoln Center or the Organization). All significant interorganization balances and transactions have been eliminated in consolidation.

(b) Basis of Presentation

The consolidated financial statements of Lincoln Center have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(c) Net Asset Classifications

Lincoln Center reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets with donor restrictions are further categorized as net assets with donor restrictions – endowment fund corpus and with donor restrictions – purpose or time restricted.

- Net assets with donor restrictions:
  - Endowment fund corpus contain donor-imposed restrictions, which stipulate that the resources be maintained permanently, but permit Lincoln Center to expend part or all of the income derived from the resources for either specified or unspecified purposes.
  - Purpose or time restricted contain donor-imposed restrictions that permit Lincoln Center to expend the resources as specified. The restrictions are satisfied either by the passage of time or by actions of Lincoln Center.
- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have been met. Lincoln Center's Board of Directors has designated a portion of the net assets without donor restrictions for renewal and replacement reserves, special operating reserves, investment in fixed assets, and long-term investments (funds functioning as endowment).

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as donor-restricted support that increases net assets with donor restrictions – purpose or time restricted; those restrictions expire when the long-lived assets are placed in service.

(d) Cash and Cash Equivalents

Cash equivalents include investments with original maturities of three months or less at time of purchase, except for such assets held by Lincoln Center's investment managers as part of their long-term investment strategies.

(e) Investments

Investments with readily determinable fair values in debt and equity securities are reported at fair value based upon the last quoted market price or published net asset value for alternative investment funds with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles), such as limited partnership interests and hedge funds, are stated at estimated fair value, as a practical expedient, based on net asset values provided by the investment managers. Individual investment holdings within the other alternative investments may be invested in both publicly traded securities and less liquid securities, which are valued by the investment managers after considering pertinent factors. Lincoln Center reviews and evaluates methods and assumptions used in determining the net asset values of the other alternative investments. Lincoln Center believes that the carrying amount of such alternative investments is a reasonable estimate of fair value as of June 30, 2022 and 2021. Because the other alternative investments do not have readily determinable fair values, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed, and such difference could be material.

(f) Fair Value

Assets and liabilities reported at fair value are required to be classified within a fair value hierarchy, which gives preference to the use of observable inputs over unobservable inputs. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices or published net asset value (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

For certain alternative investments, which do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds, fair value is estimated using net asset value per share or its equivalent, as a practical expedient, as reported by the investment managers. In accordance with ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, such investments are excluded from the fair value hierarchy levels.

(g) Fixed Assets

Fixed assets, which are recorded at cost, consist of land, building, leasehold improvements, equipment, works of art, and construction in progress for assets owned by Lincoln Center. The Lincoln Center campus includes land and property owned by the City, such as the New York State Theater, Library/Museum, Damrosch Park, the Garage, and Josie Robertson Plaza. In addition, certain construction costs of Lincoln Center-owned buildings, for example, the Rose Building, are owned by other tenant Constituents using the building. Such City-owned properties and construction costs owned by other Constituents using Lincoln Center-owned properties are not included in the accompanying consolidated financial statements.

Costs incurred by Lincoln Center relating to improvements to City-owned facilities, including the public spaces, are expensed as incurred. Lincoln Center has been reimbursed by the City for a portion of those project expenses through an agreement with the NYC Economic Development Corporation.

The City-owned garage at Lincoln Center is operated under a License Agreement from the City. Pursuant to the License Agreement with the City, all operating surpluses from the garage are utilized to help fund the security and maintenance expenses for the public areas. If in any year there is an operating deficit, Lincoln Center may apply for reimbursement, but such reimbursement is not guaranteed and, therefore, not recorded as a receivable. If at the end of the year there is an operating surplus, such surplus is reported as a liability in the consolidated balance sheet.

Buildings and building improvements and furniture, fixtures, and equipment are depreciated on the straight-line method over their estimated useful lives (buildings and building improvements – 10–40 years; furniture, fixtures, and equipment – 3–10 years). Works of art are recorded at cost and not depreciated. Normal additions to and replacements of fixed assets below $25 are expensed as incurred.

(h) Leases

Lincoln Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term.

(i) Deferred Bond Issuance Costs

Bond issuance costs are deferred and amortized on a straight-line basis over the term of the bonds.

The unamortized debt issuance costs related to the recognized debt liability are presented as a direct reduction from the debt liability on the consolidated balance sheet.

(j) Box Office Revenues

Ticket sales are recognized as box office revenue on a specific-performance basis upon Lincoln Center fulfilling its obligation of admitting and presenting the performance to each ticketholder. Advance ticket sales for the receipt of payment for future performances are reported in deferred revenue in the consolidated balance sheet and are recognized as revenue when earned, generally in the subsequent period. Due to more performances being free to the public, deferred box office revenue were not material at either June 30, 2022 or 2021.

(k) Facilities Services Revenues

Lincoln Center maintains certain public and private facilities both for the benefit of the various constituent organizations and to advance its own mission.

Lincoln Center charges each Constituent or outside licensee for the cost of the services provided for spaces they occupy or utilize, as well as their share of the costs of the services provided for the common areas, in the case of constituent organizations. Facility service revenue is recognized as the services are performed.

(l) Deferred Revenue

Deferred revenue represents cash received and not yet earned by Lincoln Center.

(m) Operating Measure

The change in general operating net assets without donor restrictions includes operating support and revenue, operating expenses, transfers to a Board-designated renewal and replacement reserve, transfers to or from other funds without donor restrictions, and investment return, based on a spending rate, on certain endowment funds with permanent donor restrictions and net assets without donor restrictions functioning as endowment. The spending rate policy is designed to provide a predictable level of investment return (interest, dividends, and appreciation) in support of operations while maintaining the purchasing power of the endowment. For the years ended June 30, 2022 and 2021, 5.2% and 5.0%, respectively, of a 20-quarter rolling average market value of such funds was used.

The change in general operating net assets without donor restrictions excludes depreciation on buildings and equipment, investment return in excess of or less than the spending rate, investment return on renewal and replacement reserves, assessments to Constituents for renewal and replacement reserves, bequests, contributions related to gift annuities, contributions restricted for capital projects, revenues, and expenses related to the Redevelopment Project and nonrecurring items.

(n) Contributions

Contributions, including unconditional promises to give/pledges, are reported as revenue at the date the contribution is received or pledged. Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions – purpose or time restricted and are released to net assets without donor restrictions when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions – endowment fund corpus.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. In 2015, Lincoln Center received a $100,000 contribution, of which $30,000 and $40,000 remained conditional as of June 30, 2022, and 2021, respectively. The conditional balance will be recognized as construction milestones are met.

Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions, subject to reassessment and adjustment in subsequent periods) and discounting such amounts to present value. Amortization of the discount is recorded as additional contribution revenue.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying consolidated financial statements.

(Continued)

(o) Membership revenue

Lincoln Center offers individual and corporate memberships at various levels. These are for a single-year period and are incorporated as part of operating support. Each membership has both a gift and exchange transaction component. The exchange component for membership is immaterial and Lincoln Center recognizes memberships as contribution revenue when received.

(p) Functional Classification of Expenses

The costs of providing Lincoln Center's programs and other activities have been summarized on a functional basis in the consolidated statement of activities. General and administrative expenses include executive and financial administration, as well as human resources, public relations, in-house legal, and information technology. None of these general and administrative activities have been determined to involve direct conduct or supervision of program or fundraising activities. As a result, none of the associated costs are allocated to program service or fundraising expense. Fundraising activities include salaries and employee benefits of staff that develop proposals for fundraising, solicit contributions, and conduct special fundraising events.

(q) Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates made in the preparation of these consolidated financial statements include the fair value of other alternative investments, fair value of swap agreements, allowance for uncollectible contributions receivable, the useful lives of fixed assets, and the functional classification of expenses. Actual results could differ from those estimates.

(r) Accounting for Uncertainty in Income Taxes

Lincoln Center recognizes the benefit of tax positions when it is more likely than not that the position will be sustainable based on the merits of the position.

(s) Comparative Financial Information

The accompanying consolidated statement of activities is presented with prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation; accordingly, such information should be read in conjunction with Lincoln Center's June 30, 2021 consolidated financial statements, from which the summarized information was derived.

(3) The Redevelopment Project

The Redevelopment Project represents the refurbishment and redevelopment of David Geffen Hall.

(In thousands)

Lincoln Center and the New York Philharmonic Orchestra (NYP) share certain capitalized and noncapitalized costs for the Redevelopment Project. The payments received from NYP to fund capitalized costs are recorded as deferred revenue – redevelopment in the accompanying consolidated balance sheet and will be recognized as income over the remaining term of the constituency agreement once the asset is put into use. Further, shared noncapitalized costs, excluding depreciation, interest, and other financing costs, represent fundraising and general costs incurred for the Redevelopment Project. For the years ended June 30, 2022 and 2021, total noncapitalized redevelopment costs were $2,501 and $2,682, respectively.

To fund the Redevelopment Project, Lincoln Center and NYP have undertaken a joint capital campaign. The organizations agreed that certain redevelopment pledges received for David Geffen Hall during a certain timeframe of the campaign would be shared between the organizations according to a predetermined ratio (Shared Pledges). As of June 30, 2022 and 2021, Lincoln Center owed $31,269 and $50,000, respectively, to NYP for such Shared Pledges, of which $19,911 and $20,730, respectively, was due to Lincoln Center from its donors in subsequent periods. As of June 30, 2022 and 2021, NYP owed Lincoln Center $13,423 and $5,310, respectively, for shared gifts, of which $9,190 and $2,400, respectively, was due to NYP from its donors in subsequent periods.

(4) Liquidity and Availability of Financial Assets

Financial assets and resources available for general expenditures within one year of June 30 are as follows:

		2022	2021
Available liquid financial assets:			
Cash and cash equivalents	$	71,106	95,358
Accounts and investment income receivable		14,435	16,601
Operating contributions and grants receivable, net		11,546	14,427
Endowment funds appropriated for operations		14,059	13,134
Total financial assets available for general expenditure within one year		111,146	139,520
Additional liquid financial resources:			
Line of credit (unused)		20,000	20,000
Board-designated endowment funds, net of amounts appropriated for operations		112,337	132,701
Total resources available for general expenditure within one year, including those available upon action of the board	$	243,483	292,221

(In thousands)

In addition to its available liquid financial assets, Lincoln Center holds other resources which could readily be made available within one year for general expenditure. Although Lincoln Center does not intend to utilize Board-designated funds within the next year beyond the amount appropriated for operations, if necessary, this amount could be made available upon approval of Lincoln Center's Board of Directors.

(5) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2022 and 2021 are expected to be collected as follows:

		2022	2021
Capital campaign:			
Within one year	$	38,287	47,520
One to five years		48,314	65,727
More than five years		9,100	7,300
		95,701	120,547
Less discount to present value at rates ranging from 0.72% to 3.65%		(2,537)	(1,386)
Total capital campaign		93,164	119,161
Program and endowment:			
Within one year		21,729	14,688
One to five years		16,251	15,758
More than five years		288	1,146
		38,268	31,592
Less discount to present value at rates ranging from 0.72% to 3.65%		(890)	(370)
Total program and endowment		37,378	31,222
Pass-through:			
Within one year		4,000	4,000
One to five years		12,000	16,000
Total pass-through		16,000	20,000
Allowance for doubtful accounts		(250)	(250)
Total	$	146,292	170,133

(In thousands)

Pass-through contributions will, upon receipt, be paid to the Constituents as directed by the donor. Consequently, an offsetting liability of $16,000 and $20,000 is included in the consolidated balance sheets as of June 30, 2022 and 2021, respectively.

(6) Investments

Lincoln Center's investments at June 30, 2022 and 2021 consisted of the following:

	2022		2021	
	Fair value	**Level 1**	**Fair value**	**Level 1**
Cash and cash equivalents	$ 495	495	226	226
Fixed income (a)	187	187	217	217
Equities (a):				
Large cap equity	38,699	38,699	64,588	64,588
Small/mid cap equity fund	2,947	2,947	7,016	7,016
Alternative investments with readily determinable fair value (b):				
Fixed income	8,443	8,443	9,351	9,351
International equity	—	—	7,956	7,956
	50,771	$ 50,771	89,354	$ 89,354
Alternative investments measured at net asset value as a practical expedient (b):				
International equity	49,722		65,076	
Large cap equity fund	7,085		9,592	
Small/mid cap equity fund	20,597		31,698	
Absolute return	48,864		51,450	
Hedged equity	51,930		62,531	
Private equity and special situations	27,824		25,714	
Total alternative investments measured at net asset value	206,022		246,061	
Total investments	$ 256,793		$ 335,415	

(a) Marketable Securities

Fixed income consists primarily of U.S. Treasury notes. Equities consist of a diversified portfolio principally including securities with large market capitalizations, managed by growth, value, and quantitative disciplines.

(b) Alternative Investments

Alternative investments represent limited partnership and similar interests in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund.

Fixed Income – This category includes a fund with readily determinable fair value that invests primarily in U.S. Treasury notes, municipal bonds, corporate bonds, Federal Home Loan Mortgage Corp., Federal National Mortgage Association, and Government National Mortgage Association mortgage-backed securities. Redemptions are allowed daily.

International Equity – This category includes investments in funds that focus on long-only international equities. There is exposure to both developed and emerging markets. Redemptions are allowed at a frequency that ranges from weekly to monthly, with one fund subject to a lockup period.

Large Cap Equity Fund – This category includes a manager focusing on long-only investments, primarily in domestic mid- and large cap stocks that exhibit reliable growth. Redemptions are allowed monthly with 30 days' notice.

Small/Mid Cap Equity Fund – This category includes a fund-making long-term investments in life sciences companies located primarily in North America, as well as a fund-pursuing investments in early stage and durable growth equities across private and public markets. Redemptions for these funds are subject to lockup provisions, with further payout restrictions. The category also includes a mutual fund that generally holds a relatively focused, nondiversified portfolio of U.S. growth company stocks.

Absolute Return – This category includes multistrategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and attempting to capture the alpha in mispriced assets/securities across conventional and alternative financial strategies. Managers initiate long and short positions targeting solid absolute risk adjusted returns. Some funds are subject to a lockup period up to two years. For those investments not subject to a lockup provision, redemptions are allowed at a frequency that ranges from monthly to quarterly.

Hedged Equity – This category includes investments in hedge funds that invest both long and short, primarily in U.S. common stocks. Managers of the hedge funds manage investments along spectrums ranging from value to growth strategies, from small to large capitalization stakes, and from net long to net short positions. The investments dominate exposure in the U.S. market but will also take advantage of investment opportunities in Europe, Asia, and emerging markets. Some funds are subject to a lockup period up to three years. For those investments not subject to a lockup provision, redemptions are allowed at a frequency that ranges from quarterly to semiannually.

Private Equity and Special Situations – This category includes funds that focus on early-stage venture capital, including investments in the technology, energy, retail and life science sectors, and funds that invest primarily in a diversified portfolio of residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations, and special situations. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. All funds are subject to lockup provisions. At June 30, 2022, Lincoln Center's investments in these funds had remaining estimated lives of up to 10 years. Remaining commitments to the funds in this category total $7,685 as of June 30, 2022.

(In thousands)

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Lincoln Center's alternative investments contain various redemption period restrictions with required written notice ranging from 1 to 150 days. The following table summarizes the composition of such investments by the various redemption provisions:

Redemption period		2022	2021
Daily	$	8,443	17,307
Weekly		9,107	11,788
Monthly		40,626	54,334
Quarterly		63,373	71,451
Semiannual		11,233	12,665
Lockup		81,683	95,823
Total	$	214,465	263,368

(In thousands)

Investment return and its classification in the consolidated statements of activities were as follows:

		2022	2021
Interest and dividend income	$	380	313
Investment management and custodial fees		(1,316)	(1,357)
Net (depreciation) appreciation in fair value of investments		(55,255)	81,269
Total investment return		(56,191)	80,225
Less investment return available under spending policy, including amounts with donor restrictions of $7,574 and $6,836 in 2022 and 2021, respectively		(13,134)	(12,124)
Plus unutilized investment return available under spending policy		670	1,425
Investment return (less) greater than amounts utilized under spending policy, including amounts with donor restrictions of $(38,810) and $39,967 in 2022 and 2021, respectively	$	(68,655)	69,526

(7) Fixed Assets

Fixed assets balances were as follows at June 30:

		2022	2021
Land	$	15,513	15,513
Building and building improvements		536,312	535,708
Furniture, fixtures, and equipment		18,620	18,239
Fountain and works of art		1,690	1,690
Leasehold improvements		28,125	28,125
Construction in progress – Redevelopment Project		464,351	188,491
Construction in process – other		2,015	232
Total fixed assets		1,066,626	787,998
Less accumulated depreciation and amortization		(322,667)	(312,151)
Fixed assets, net	$	743,959	475,847

(In thousands)

Total depreciation expense for the years ended June 30, 2022, and 2021 was $13,511 and $14,478, respectively. Construction in progress- Redevelopment Project relate to the renovation of David Geffen Hall.

(8) Lines of Credit

In January 2021, Lincoln Center entered into a prime rate-adjustable revolving credit line agreement with a different bank. The new agreement allows for borrowings up to $20,000, which Lincoln Center fully repaid by January 19, 2022. Lincoln Center renewed this annual agreement as of February 15, 2022. As of June 30, 2022, no borrowings were outstanding on the line.

(9) Long-Term Debt

(a) Long-Term Debt

Long-term debt at June 30, 2022 and 2021 consisted of the following:

		2022	2021
Trust for Cultural Resources of The City of New York:			
Series 2016A Revenue Bonds	$	87,575	87,575
Series 2020A Refunding Revenue Bonds		125,220	125,220
Series 2020B Taxable Bonds		70,160	70,160
Long-term debt		282,955	282,955
Unamortized bond premium		31,458	34,929
Unamortized debt issuance costs		(1,533)	(2,432)
Total long-term debt	$	312,880	315,452

In August 2020, Lincoln Center redeemed prior Bonds that were issued for financing of previous redevelopment projects using proceeds from the tax-exempt fixed rate Refunding Revenue Bonds, Series 2020A (Series 2020A Bonds), which it issued via the Trust in the amount of $125,220. The Series 2020A Bonds were issued at a premium, yielding total proceeds of $152,580. The Series 2020A Bonds mature in installments between December 1, 2031 and December 1, 2035 and bear annual interest at either 5% or 4%.

Concurrent with its refinancing of prior Bonds, Lincoln Center terminated two interest rate exchange agreements. Lincoln Center financed payments related to these terminations by directly issuing Taxable Bonds, Series 2020B (Series 2020B Bonds, and, together with the Series 2020A Bonds, the Series 2020 Bonds). The $70,160 Series 2020B Bonds bear interest at 3.706% and mature December 1, 2035. Net realized gains and unrealized losses of $2,429 on these swaps are reflected in the consolidated statements of activities for the year ended June 30, 2021.

In November 2016, Lincoln Center, in conjunction with the Trust, refinanced existing bonds through the issuance of $87,575 of long-term tax-exempt Series 2016A Revenue Bonds (Series 2016A Bonds). The Series 2016A Bonds mature December 1, 2026, bear interest at 5% per annum, and were issued at a premium of $16,795. The prior bonds were deemed legally defeased at the time of refinancing.

Interest expense reported in the consolidated statements of activities related to long-term debt is $12,370 and $12,419 in 2022 and 2021, respectively.

(b) Bridge Financing for the Redevelopment Project

In January 2021, Lincoln Center and the New York Philharmonic entered into a joint and several $175,000 nonrevolving term loan agreement to provide bridge financing for the Redevelopment Project (note 3) with a large domestic bank. Under the agreement, Lincoln Center may borrow up to $105,000 and New York Philharmonic up to $70,000, with funds required to be disbursed in the corresponding ratio. Advances may be drawn monthly through the earlier of June 30, 2023, or 90 days after project completion as defined in the loan agreement, in a cumulative amount up to the Borrowing Base calculated as of the advance request. The secured Borrowing Base comprises 90% of eligible capital campaign pledge payments due before the loan's final maturity and either 80% or 90% of pledge payments receivable thereafter. Lincoln Center and the New York Philharmonic may borrow against post maturity pledge payments to the extent they also are secured by cash or debt securities (at 90% of pledge value) or equity securities (at 80% of pledge value) held in a collateral account for the lender. As of June 30, 2022, $69,341 has been drawn and is outstanding. In connection with this debt there are $641 of unamortized debt issuance cost at June 30, 2022.

The loan will bear interest at a prime-based rate and has a final maturity of June 30, 2026. Between June 30, 2023, and final maturity, unpaid principal cannot exceed a periodically decreasing threshold, beginning with $150,000 on June 30, 2023, and ending with $56,000 on December 31, 2025, six months prior to final maturity. During this period, the bank will automatically withdraw pledge payments from designated accounts held by each organization and apply them to the loan balance.

The agreement establishes certain financial covenants and reporting obligations for both Lincoln Center and the New York Philharmonic. These include quarterly certifications as to combined unrestricted minimum liquid assets (which must total at least $80,000, and $100,000 if borrowings equal or exceed $100,000) and project funding (remaining project costs must not exceed 92% (before January 1, 2022) or 100% (as of or after January 1, 2022) of total remaining capital pledge payments and cash in designated pledge collection accounts).

Due to the joint and several nature of the liability, Lincoln Center and the New York Philharmonic mutually agreed to establish "backstop" bridge financing support funds held for each other's benefit, to secure against the shared risks associated with the project and its financing. Under the backstop agreement, each organization is solely responsible for repaying its pro rata share of all payment obligations, including those incurred through the bridge financing. These mutual obligations and support funds are subordinate to the term loan debt and to the lender's collateral interest in any of the funds.

(In thousands)

(10) Leases

Lincoln Center evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Lincoln Center's right to use the underlying assets for the lease term, and the lease liabilities represent Lincoln Center's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Lincoln Center has made an accounting policy election to utilize a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of June 30, 2022 and 2021 was 1.91%.

Lincoln Center's operating leases consist primarily of real estate leases for two floors of office space located near the Lincoln Center campus. One lease term excludes a one-year extension, available at Lincoln Center's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of June 30, 2022 and 2021.

For each of the years ended June 30, 2022, and 2021, total operating lease cost was approximately $1,300, and total short-term lease cost was approximately $343 and $327, respectively. As of both June 30, 2022, and 2021, the weighted average remaining lease term for Lincoln Center's operating leases was approximately five years.

One floor of rented office space is ultimately subleased to an unrelated third party. Sublease income totaling approximately $550 and $548 is included in the consolidated statement of activities for the year ended June 30, 2022 and 2021.

Lincoln Center has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

Future maturities of lease liabilities are presented in the following table for the years ending June 30:

2023	$	1,448
2024		845
2025		805
2026		747
2027		220
Thereafter		146
Total lease payments		4,211
Less present value discount		(146)
Total lease obligations	$	4,065

(In thousands)

(11) Net Assets

Net assets at June 30, 2022 and 2021 were available for the following purposes:

		2022	2021
Without donor restrictions:			
General operating	$	(1,624)	(1,784)
Board designated:			
Board designated (functioning as endowment funds, see note 15)		108,337	138,261
Renewal and replacement reserves		3,387	5,162
Operations – special reserves		613	621
Total board designated		112,337	144,044
Redevelopment and other physical capital		(31,527)	(20,108)
Total without donor restrictions		79,186	122,152
With donor restrictions – purpose or time restricted:			
Program support, primarily accumulated gains on endowment of $54,606 and $93,805 in 2022 and 2021, respectively		113,839	135,738
Lincoln Center Redevelopment Projects and other capital		278,506	238,555
Total with donor restrictions – purpose or time restricted		392,345	374,293
With donor restrictions – endowment fund corpus, income restricted for various programs		104,448	103,448
Total with donor restrictions		496,793	477,741
Total net assets	$	575,979	599,893

(In thousands)

(12) Pension Plan

Lincoln Center participates in a multiple-employer defined-benefit pension plan (the Plan) along with certain of its Constituents, which covers certain nonunion employees. Employers' contributions to the Plan are commingled and available to pay the benefits of all plan participants. As of June 30, 2021 and 2020 (the most recent actuarial valuation information available), the actuarial value of plan assets was $108,000 and $86,000, respectively, the actuarial accrued liability was $108,000 and $104,000, respectively, and the funded percentage was 100% and 83%, respectively. In addition, at June 30, 2021 and 2020, the fair value of plan net assets available for benefits was $108,000 and $82,000, respectively; the present value of accumulated benefit obligation was $107,039 and $103,079, respectively; and the funded percentage based on the fair value of plan net assets was 99% and 79%. The Plan was amended to include a modified freeze effective July 1, 2017. Current participants will maintain a modified pension benefit. Employees hired after June 30, 2017, are not eligible to participate in the Plan. Such employees will be able to participate in a modified 403(b) Plan, subject to eligibility requirements.

Lincoln Center participates in one significant multiemployer pension plan based upon collective bargaining agreements. The Plan is outlined in the table below. The most recent Pension Protection Act (PPA) zone status is available at the Plan's year-end. The zone status is based on information that Lincoln Center received from the Plan sponsor and, as required by the PPA, is certified by the Plan's actuary. The Plan certified a green zone status for the Plan years ended 2020 and 2019 and did not impose a surcharge as part of its collective bargaining agreements. In addition, Lincoln Center would be responsible for any withdrawal liability under the agreements with the unions.

		Plan	Contributions from Lincoln Center		Agreement
Pension fund	**EIN**	**year-end**	**2022**	**2021**	**expiration**
32 BJ/Broadway League Pension Fund	13-1998219	12/31/2021	$ 438	359	8/31/2023 10/31/2021

Lincoln Center also participates in certain other Plans that are not considered significant. Lincoln Center contributed $895 and $717 to these Plans for the years ended June 30, 2022 and 2021, respectively, which represented less than 5% of total annual contributions for each Plan.

(13) Litigation

Lincoln Center is involved in several legal proceedings and claims. Management believes that the liabilities, if any, resulting from such proceedings will not have a material adverse effect on the financial condition of Lincoln Center.

(In thousands)

(14) Functional Expenses

For the year ended June 30, 2022 (with summary totals for the year ended June 30, 2021), the following schedule describes management's allocation of expenses by natural classification to Lincoln Center's various functional categories:

	Performance presentations	Education and outreach	Facilities management and services	Innovation and other	Total program expenses	Management and general	Fundraising	2022	2021
Salaries and benefits	$ 5,064	2,132	32,092	2,505	41,793	18,699	2,484	62,976	45,876
Artists and performing fees	2,668	228	12	258	3,166	—	1	3,167	2,360
Legal and other professional fees	972	309	490	73	1,844	4,808	218	6,870	5,730
Equipment, production, and space rental	5,271	38	490	75	5,874	240	—	6,114	2,616
Advertising and promotion	770	106	1	4	881	86	119	1,086	622
Insurance	361	4	1,262	27	1,654	302	—	1,956	1,875
Maintenance, repairs, and other occupancy costs	267	45	9,633	1	9,946	1,786	8	11,740	10,495
Utilities	525	—	6,397	5	6,927	2	—	6,929	5,281
Other	1,005	298	978	196	2,477	3,015	432	5,924	3,156
Depreciation and amortization	(2,534)	282	14,668	—	12,416	784	318	13,518	16,957
Interest and other financing costs	—	—	9,346	—	9,346	—	—	9,346	10,031
Total	$ 14,369	3,442	75,369	3,144	96,324	29,722	3,580	129,626	104,999

(15) Endowment Funds

Lincoln Center's endowment funds consist of approximately 70 individual funds, including both donor-restricted endowment funds and amounts designated by the Board to function as endowment funds for the purpose of appropriating amounts for operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Lincoln Center has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing Lincoln Center to appropriate for expenditures or accumulate so much of a donor-restricted endowment fund as Lincoln Center determines is prudent considering the uses, benefits, purposes, and duration for which the donor-restricted endowment fund is established, subject to the intent of the donor. Lincoln Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to protect the original value of the gift after inflation. Under this policy, the endowment assets are invested in a manner that is intended to produce results consistent with Lincoln Center's overall investment strategy.

Accounting guidance associated with NYPMIFA requires the portion of the donor-restricted endowment fund that is not classified as endowment fund corpus to be classified as net assets with donor restrictions – purpose or time restricted until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

(In thousands)

Lincoln Center classifies as net assets with donor restrictions – endowment fund corpus the original value of gifts to the permanent endowment and the investment return required by the donor to be added to the permanent endowment. Other investment return in excess of amounts appropriated under Lincoln Center's spending policy is accumulated as net assets with donor restrictions – purpose or time restricted.

The net asset classes of Lincoln Center's endowment funds, including contributions receivable of $39 as of June 30, 2022 and June 30, 2021 and split interest agreements of $494 and $596 as of June 30, 2022 and 2021, respectively, are as follows:

		June 30, 2022			
			With donor restrictions		
		Without donor restrictions	Purpose or time restricted	Endowment fund corpus	Total
Donor-restricted funds	$	—	55,100	104,448	159,548
Board-designated funds		108,330	—	—	108,330
Total endowment funds	$	108,330	55,100	104,448	267,878

		June 30, 2021			
			With donor restrictions		
		Without donor restrictions	Purpose or time restricted	Endowment fund corpus	Total
Donor-restricted funds	$	—	93,806	103,448	197,254
Board-designated funds		138,260	—	—	138,260
Total endowment funds	$	138,260	93,806	103,448	335,514

(In thousands)

The following tables present changes in Lincoln Center's endowment funds, including contributions receivable, for the years ended June 30, 2022 and 2021:

	June 30, 2022			
		With donor restrictions		
	Without donor restrictions	Purpose or time restricted	Endowment fund corpus	Total
Endowment funds, June 30, 2021	$ 138,260	93,806	103,448	335,514
Interest and dividends	127	253	—	380
Investment management and custodial fees	(567)	(749)	—	(1,316)
Net realized and unrealized appreciation of investments	(23,843)	(31,412)	—	(55,255)
Contributions and designations, net	—	—	1,000	1,000
Amounts appropriated for operations	(5,560)	(7,574)	—	(13,134)
Appropriations restricted until donor-intended purpose satisfied	—	670	—	670
Other	(87)	106	—	19
Endowment funds, June 30, 2022	$ 108,330	55,100	104,448	267,878

	June 30, 2021			
		With donor restrictions		
	Without donor restrictions	Purpose or time restricted	Endowment fund corpus	Total
Endowment funds, June 30, 2020	$ 108,851	54,101	102,958	265,910
Interest and dividends	107	206	—	313
Investment management and custodial fees	(587)	(770)	—	(1,357)
Net realized and unrealized appreciation of investments	35,326	45,943	—	81,269
Contributions and designations, net	10	—	490	500
Amounts appropriated for operations	(5,288)	(6,836)	—	(12,124)
Appropriations restricted until donor-intended purpose satisfied	—	1,425	—	1,425
Other	(159)	(263)	—	(422)
Endowment funds, June 30, 2021	$ 138,260	93,806	103,448	335,514

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. There were no funds with such deficiencies at June 30, 2022 or 2021.

(b) Return Objectives and Risk Parameters

Lincoln Center has adopted investment policies for its endowment that attempt to provide a reasonable level of support, as determined by Lincoln Center's spending policy, while seeking to preserve the real value of the endowment assets over time. Lincoln Center relies on a total return strategy under which investment returns are achieved through both appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class, as well as by investment manager and style, with a focus on achieving long-term return objectives within prudent risk constraints.

(16) Related-Party Transactions

Members of Lincoln Center's Board of Directors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Lincoln Center. For senior management, Lincoln Center requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with Lincoln Center. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of Lincoln Center, and to undertake periodic review of continuing such relationships. Lincoln Center has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors can participate in any decision in which he or she (or immediate family member) has a material financial interest. Each director is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether Lincoln Center does business with an entity in which the director has a material financial interest. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of Lincoln Center, and in accordance with applicable conflict of interest laws.

As of June 30, 2022 and 2021, Lincoln Center had approximately $9.5 million and $12.6 million, respectively, invested in three funds that are managed by an entity led by a member of Lincoln Center's Board of Directors. Each investment preceded the member's election to the Board.

As of June 30, 2022, Lincoln Center maintained revolving credit line and nonrevolving term loan agreements with a publicly traded entity led by a member of Lincoln Center's Board of Directors. These agreements were negotiated and are maintained on an arm's-length basis.

No additional associations are considered to be significant.

(17) Impact of COVID-19

The outbreak of COVID-19, a strain of coronavirus that can result in serious illness, was declared a pandemic by the World Health Organization in March 2020. On March 7, 2020, Governor Andrew Cuomo declared a state of emergency in the State of New York, and on March 12, Mayor Bill de Blasio declared a state of emergency in the City of New York (the City). Both New York State and the City subsequently took multiple actions to limit the spread of COVID-19, including closing of City theaters, clubs, and concert venues. Accordingly, The Lincoln Center campus closed to the public effective March 13, 2020.

Throughout the pandemic, Lincoln Center has collaborated with Constituents and engaged with experts to review and instill best practice COVID-19-related protocols, as well as to monitor evolving federal, state, and local government guidelines and recommendations. Lincoln Center established a cross-campus reopening task force, which led efforts to test and upgrade building and ventilation systems, manage health and safety protocols, and document cases and exposures. Prior to performance venues opening and welcoming guests on campus, guidelines were published. Campus leadership continues to consult with Lincoln Center's medical advisor and to regularly update protocols.

As a result of COVID-19, Lincoln Center took certain steps to contain costs, including curtailing nonessential activities and expenditures, as well as reducing staffing through a series of furloughs and layoffs. Lincoln Center incurred incremental costs of approximately $3,500 during the year ended June 30, 2021, related to this staff restructuring.

During the year ended June 30, 2021, Lincoln Center benefited from the Employee Retention Credit program following the amendment and extension of the program under the Taxpayer Certainty and Disaster Tax Relief Act of 2020. As a result, a grant receivable of approximately $3,685 is reflected in the consolidated balance sheet as of June 30, 2021, with approximately $5,765 of unrestricted federal grant income reflected in the consolidated statement of activities for the year ended June 30, 2021. Of this amount, approximately $2,261 was allocated to certain constituent organizations in accordance with the terms of various Constituency Agreements.

During the year ended June 30, 2021, as a result of the CARES Act, New York State returned unemployment payments of approximately $2,681 to Lincoln Center, of which approximately $716 was subsequently shared with its constituent organizations in accordance with the terms of various Constituency Agreements.

During the year ended June 30, 2022, Lincoln Center received a Shuttered Venue Operating Grant in the amount of approximately $10,000, which was recorded as a Government Grant.

(18) Subsequent Events

Events that have occurred subsequent to June 30, 2022, have been evaluated through December 14, 2022, the date Lincoln Center's consolidated financial statements were available to be issued. Except the items discussed below, no additional subsequent event disclosures were identified.

The renovated David Geffen Hall, the home of the New York Philharmonic, was placed in service and opened to the public in October 2022.

On October 1, 2022, Lincoln Center fixed the interest rate with its bank relating to the bridge loan financing (see note 9(b)), at 5.25%.

Schedule 1

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidating Balance Sheet

June 30, 2022

(In thousands)

Assets	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Cash and cash equivalents	$ 70,942	164	71,106	—	71,106
Accounts and investment income receivable	14,110	39,325	53,435	(39,000)	14,435
Contributions and grants receivable, net	146,292	—	146,292	—	146,292
Prepaid expenses, inventory, and other assets	8,178	26	8,204	—	8,204
Investments	256,793	—	256,793	—	256,793
Right-of-use assets	3,889	—	3,889	(101)	3,788
Fixed assets, net	729,729	15	729,744	14,215	743,959
Total assets	$ 1,229,933	39,530	1,269,463	(24,886)	1,244,577
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 34,120	39,535	73,655	(24,785)	48,870
Portion of shared redevelopment pledges due to the New York Philharmonic	31,269	—	31,269	—	31,269
Deferred revenue – Redevelopment Project	181,535	—	181,535	—	181,535
Deferred revenue – operating	2,077	—	2,077	—	2,077
Lease liabilities	4,166	—	4,166	(101)	4,065
Due to constituent organizations (pass-through contributions and grants)	16,000	—	16,000	—	16,000
Other liabilities	3,202	—	3,202	—	3,202
Bridge financing term loan – Redevelopment Project	68,700	—	68,700	—	68,700
Long-term debt	312,880	—	312,880	—	312,880
Total liabilities	653,949	39,535	693,484	(24,886)	668,598
Commitments and contingencies					
Net assets:					
Without donor restrictions:					
General operating	(1,624)	—	(1,624)	—	(1,624)
Board designated	112,337	—	112,337	—	112,337
Redevelopment and other physical capital	(31,522)	(5)	(31,527)	—	(31,527)
Total net assets without donor restrictions	79,191	(5)	79,186	—	79,186
With donor restrictions:					
Purpose or time restricted	392,345	—	392,345	—	392,345
Endowment fund corpus	104,448	—	104,448	—	104,448
Total net assets with donor restrictions	496,793	—	496,793	—	496,793
Total net assets	575,984	(5)	575,979	—	575,979
Total liabilities and net assets	$ 1,229,933	39,530	1,269,463	(24,886)	1,244,577

See accompanying independent auditors' report.

Schedule 2

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidating Statement of Activities

Year ended June 30, 2022

(In thousands)

	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Revenue:					
Contributions, private grants, and bequests	$ 90,769	—	90,769	—	90,769
Government grants	11,526	—	11,526	—	11,526
Investment return:					
Appropriated for current operations	12,464	—	12,464	—	12,464
In excess of amounts appropriated for current operations	(68,655)	—	(68,655)	—	(68,655)
Box office and other program service revenue	302	—	302	—	302
Facilities services	35,157	—	35,157	(192)	34,965
Rental income	17,638	—	17,638	(601)	17,037
Other income	3,102	277,875	280,977	(277,765)	3,212
Special event revenue, net of expenses of $738 in 2022	4,092	—	4,092	—	4,092
Total revenue	106,395	277,875	384,270	(278,558)	105,712
Expenses:					
Program services:					
Performance presentations	14,369	—	14,369	—	14,369
Education and outreach	3,442	—	3,442	—	3,442
Facilities management and services	66,816	—	66,816	(793)	66,023
Innovation and other	3,144	—	3,144	—	3,144
Redevelopment projects	—	277,765	277,765	(277,765)	—
Interest and other financing costs, net	9,346	—	9,346	—	9,346
Total program services	97,117	277,765	374,882	(278,558)	96,324
Supporting services:					
Management and general	29,722	—	29,722	—	29,722
Fundraising	3,580	—	3,580	—	3,580
Total supporting services	33,302	—	33,302	—	33,302
Total expenses	130,419	277,765	408,184	(278,558)	129,626
Change in net assets	(24,024)	110	(23,914)	—	(23,914)
Net assets at beginning of year	600,008	(115)	599,893	—	599,893
Net assets at end of year	$ 575,984	(5)	575,979	—	575,979

See accompanying independent auditors' report.