



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

Consolidated Financial Statements and Consolidating Schedules

June 30, 2024

(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, 2024, and the related consolidated statements 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, 2024, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules as of and for the year ended June 30, 2024 are presented for purposes of additional analysis and are 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.

KPMG LLP

New York, New York
December 5, 2024

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

Consolidated Balance Sheet

June 30, 2024

(With comparative financial information as of June 30, 2023)
(In thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 11,871	42,614
Accounts and investment income receivable	31,742	24,820
Contributions and grants receivable, net (notes 3 and 5)	99,127	130,840
Prepaid expenses, inventory, and other assets	10,833	11,178
Investments (note 6)	269,153	256,874
Right-of-use assets (note 10)	1,784	2,522
Fixed assets, net (note 7)	809,587	829,714
Total assets	<u>\$ 1,234,097</u>	<u>1,298,562</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 29,226	21,503
Portion of shared redevelopment pledges due to the New York Philharmonic (note 3)	13,783	23,609
Deferred revenue – redevelopment (note 3)	210,292	220,098
Deferred revenue – operating	2,617	4,451
Lease liabilities (note 10)	2,066	2,859
Due to constituent organizations (pass-through contributions and grants, note 5)	8,000	12,000
Other liabilities	2,550	3,101
Bridge financing term loan – Redevelopment Project (note 9)	59,608	80,087
Long-term debt (note 9)	306,264	309,572
Total liabilities	<u>634,406</u>	<u>677,280</u>
Commitments and contingencies (notes 8, 9, 12, and 13)		
Net assets (notes 11 and 15):		
Without donor restrictions:		
General operating	(2,913)	(1,394)
Board designated	145,200	142,111
Redevelopment and other physical capital	251,166	272,880
Total net assets without donor restrictions	<u>393,453</u>	<u>413,597</u>
With donor restrictions:		
Purpose or time restricted	101,790	103,237
Endowment fund corpus	104,448	104,448
Total net assets with donor restrictions	<u>206,238</u>	<u>207,685</u>
Total net assets	<u>599,691</u>	<u>621,282</u>
Total liabilities and net assets	<u>\$ 1,234,097</u>	<u>1,298,562</u>

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, 2024

(With summarized comparative financial information for the year ended June 30, 2023)
(In thousands)

	2024							
	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	2024 Total	2023 Total
Revenues:								
Contributions, private grants, and bequests	\$ 23,784	10,725	—	34,509	21,658	—	56,167	102,376
Government grants	658	—	—	658	1,353	—	2,011	1,506
Investment return (note 6):								
Appropriated for current operations	5,986	—	—	5,986	8,503	—	14,489	14,059
In excess of amounts appropriated for current operations	83	6,586	—	6,669	8,538	—	15,207	9,348
Box office and other program service revenue	1,397	—	2	1,399	—	—	1,399	2,044
Facilities services	31,328	4,607	(4)	35,931	—	—	35,931	36,221
Rental income	52,220	—	13,386	65,606	—	—	65,606	56,759
Other income	3,455	—	307	3,762	—	—	3,762	5,518
Special event revenue, net of expenses of \$466 in 2024	6,973	—	—	6,973	—	—	6,973	10,168
Write-off of uncollectible pledge	—	—	—	—	—	—	—	(58)
Net assets released/redesignated from restrictions	50,054	(8,555)	—	41,499	(41,499)	—	—	—
Total revenues	175,938	13,363	13,691	202,992	(1,447)	—	201,545	237,941
Expenses (note 14):								
Program services:								
Performance presentations	26,317	2	232	26,551	—	—	26,551	17,535
Education and outreach	5,600	—	232	5,832	—	—	5,832	4,367
Facilities management and services	94,918	93	30,882	125,893	—	—	125,893	108,301
Innovation and other	3,916	—	—	3,916	—	—	3,916	4,114
Interest and other financing costs, net (note 9)	8,966	—	4,576	13,542	—	—	13,542	11,965
Total program services	139,717	95	35,922	175,734	—	—	175,734	146,282
Supporting services:								
Management and general	33,154	2,337	6,978	42,469	—	—	42,469	40,848
Fundraising	4,586	—	347	4,933	—	—	4,933	5,508
Total supporting services	37,740	2,337	7,325	47,402	—	—	47,402	46,356
Total expenses	177,457	2,432	43,247	223,136	—	—	223,136	192,638
Excess (deficiency) of revenues over expenses	(1,519)	10,931	(29,556)	(20,144)	(1,447)	—	(21,591)	45,303
Transfers:								
Renewal and replacement reserve	—	(2,000)	2,000	—	—	—	—	—
Investment in fixed assets	—	(5,842)	5,842	—	—	—	—	—
Total transfers	—	(7,842)	7,842	—	—	—	—	—
Change in net assets	(1,519)	3,089	(21,714)	(20,144)	(1,447)	—	(21,591)	45,303
Net assets at beginning of year	(1,394)	142,111	272,880	413,597	103,237	104,448	621,282	575,979
Net assets at end of year	\$ (2,913)	145,200	251,166	393,453	101,790	104,448	599,691	621,282

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, 2024

(With comparative financial information for the year ended June 30, 2023)

(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,591)	45,303
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized appreciation on investments	(28,823)	(24,092)
Depreciation and amortization	29,718	23,212
Amortization of Deferred revenue – Redevelopment Project	(9,806)	—
Reduction in the carrying amount of right-of-use assets	738	1,266
Contributions restricted for capital assets	(9,813)	(58,600)
Changes in operating assets and liabilities:		
Accounts and investment income receivable	(6,922)	(10,385)
Contributions and grants receivable	10,332	21,449
Prepaid expenses, inventory, and other assets	345	(2,974)
Accounts payable and accrued expenses and portion of shared redevelopment pledges due to the New York Philharmonic	(5,789)	(35,027)
Shared and pass-through contributions payable to constituents	(4,000)	(4,000)
Deferred revenue	(1,834)	2,374
Deferred revenue – Redevelopment Project	—	38,563
Other liabilities	(551)	(101)
Lease liabilities	(793)	(1,206)
Net cash used in operating activities	<u>(48,789)</u>	<u>(4,218)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(12,899)	(112,275)
Accounts receivable – capital	—	(5,997)
Accounts payable and accrued expenses – capital	3,686	—
Purchase of investments	(40,418)	(20,418)
Proceeds from the sale of investments	56,962	44,429
Net cash provided by (used in) investing activities	<u>7,331</u>	<u>(94,261)</u>
Cash flows from financing activities:		
Collections on contributions restricted for capital	31,194	58,600
Proceeds from bridge financing term loan	—	11,387
Repayments on bridge financing term loan	(20,479)	—
Net cash (used in) provided by financing activities	<u>10,715</u>	<u>69,987</u>
Net decrease in cash, cash equivalents, and restricted cash	(30,743)	(28,492)
Cash, cash equivalents, and restricted cash:		
Beginning of year	42,614	71,106
End of year	<u>\$ 11,871</u>	<u>42,614</u>
Interest paid	\$ 13,542	10,169

See accompanying notes to consolidated financial statements.

**LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
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Notes to Consolidated Financial Statements

June 30, 2024

(With summarized comparative financial information as of and for the year ended June 30, 2023)

(In thousands)

(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, LCPA became the sole member of LCDP. In July 2012, LCDP amended its Certificate of Incorporation to promote musical and performing arts 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 interorganizational 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).

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(In thousands)

(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 the actions of Lincoln Center whereby the restricted purpose is fulfilled .
- 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 on the last quoted market price or published net asset value for alternative investment funds with characteristics like 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

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(In thousands)

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, 2024 and 2023. 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 can 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, Damrosch Park, the Garage, and Josie Robertson Plaza. In addition, certain building improvements to LCPA owned-buildings, for example, the Rose Building, are the responsibility of other tenant Constituents using the building. Such City owned properties and building improvements 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.

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(In thousands)

The City owned-garage at Lincoln Center is operated under a License Agreement with 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 – 3–15 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 the majority of Lincoln Center performances made available at a reduced price and/or free to the public, box office revenue and deferred box office revenue are not material.

(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.

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(With summarized comparative financial information as of and for the year ended June 30, 2023)

(In thousands)

(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, 2024 and 2023, 5% of a -12-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 projects 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.

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, considering 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

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(In thousands)

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.

(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, 2023 consolidated financial statements, from which the summarized information was derived.

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June 30, 2024

(With summarized comparative financial information as of and for the year ended June 30, 2023)

(In thousands)

(3) The David Geffen Hall Redevelopment Project

The David Geffen Hall Redevelopment Project (DGH Project) represents the refurbishment and redevelopment of David Geffen Hall which was completed in October 2022.

LCPA and the New York Philharmonic Orchestra (NYP) shared certain capitalized and noncapitalized costs for the DGH Project. The payments received from NYP to fund capitalized costs are recorded as “Deferred revenue – redevelopment” in the accompanying consolidated balance sheet and is recognized as revenue from October 2022 through the remaining term of the LCPA/NYP constituency agreement. Further, shared noncapitalized DGH Project costs, excluding depreciation, interest, and other financing costs, represent fundraising and general costs incurred for the DGH Project. For the years ended June 30, 2024 and 2023, such noncapitalized DGH project costs were \$983 and \$5,944, respectively.

To fund the DGH Project, LCPA and NYP undertook a joint capital campaign. The organizations agreed that certain capital campaign pledges received for the DGH Project during a certain timeframe of the campaign would be shared between the organizations according to a predetermined ratio (Shared Pledges). As of June 30, 2024 and 2023, LCPA was obligated to NYP \$13,783 and \$23,609, respectively, for Shared Pledges to NYP (of which \$6,520 and \$7,680, respectively, was due to LCPA from its donors in subsequent periods). As of June 30, 2024 and 2023, NYP was obligated to LCPA \$10,479 and \$25,429, respectively, for Shared Pledges (of which \$10,132 and \$13,962, respectively, was due to NYP from its donors in subsequent periods).

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Notes to Consolidated Financial Statements

June 30, 2024

(With summarized comparative financial information as of and for the year ended June 30, 2023)

(In thousands)

(4) Liquidity and Availability of Financial Assets

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

	<u>2024</u>	<u>2023</u>
Available liquid financial assets:		
Cash and cash equivalents	\$ 11,871	42,614
Accounts and investment income receivable	31,742	24,820
Operating contributions and grants receivable, net	17,755	1,506
Endowment funds appropriated for operations	<u>14,489</u>	<u>14,059</u>
Total financial assets available for general expenditure within one year	<u>75,857</u>	<u>82,999</u>
Additional liquid financial resources:		
Line of credit (unused)	10,000	20,000
Board-designated endowment funds, net of amounts appropriated for operations	<u>143,200</u>	<u>135,210</u>
Total resources available for general expenditure within one year, including those available upon action of the board	<u>\$ 229,057</u>	<u>238,209</u>

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.

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(In thousands)

(5) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2024 and 2023 are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Capital campaign:		
Within one year	\$ 26,744	29,631
One to five years	42,390	56,143
More than five years	—	5,091
	<u>69,134</u>	<u>90,865</u>
Less discount to present value at rates ranging from 0.72% to 5.0%	<u>(1,973)</u>	<u>(2,323)</u>
Total capital campaign	<u>67,161</u>	<u>88,542</u>
Program and endowment:		
Within one year	17,303	19,819
One to five years	6,841	10,366
More than five years	723	1,431
	<u>24,867</u>	<u>31,616</u>
Less discount to present value at rates ranging from 0.72% to 5.0%	<u>(651)</u>	<u>(1,068)</u>
Total program and endowment	<u>24,216</u>	<u>30,548</u>
Pass-through:		
Within one year	4,000	4,000
One to five years	4,000	8,000
Total pass-through	<u>8,000</u>	<u>12,000</u>
Allowance for doubtful accounts	<u>(250)</u>	<u>(250)</u>
Total	<u>\$ 99,127</u>	<u>130,840</u>

Pass-through contributions will, upon receipt, be paid to the Constituents as directed by the donor. Consequently, an offsetting liability of \$8,000 and \$12,000 is included in the consolidated balance sheets as of June 30, 2024 and 2023, respectively.

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(6) Investments

Lincoln Center's investments at June 30, 2024 and 2023 consisted of the following:

	2024		2023	
	Fair value	Level 1	Fair value	Level 1
Cash equivalents	\$ 9,203	9,203	—	—
Fixed income (a)	702	702	115	115
Equities (a):				
Large cap equity	3,153	3,153	11,887	11,887
Alternative investments with readily determinable fair value (b):				
Fixed income	5,502	5,502	8,375	8,375
Large cap equity fund	28,769	28,769	—	—
	<u>\$ 47,329</u>	<u>47,329</u>	<u>20,377</u>	<u>20,377</u>
Alternative investments measured at net asset value as a practical expedient (b):				
International equity	54,091		53,191	
Large cap equity fund	1,998		8,290	
Small/mid cap equity fund	20,339		23,131	
Absolute return	43,935		51,846	
Hedged equity	45,880		52,906	
Private equity and special situations	<u>55,581</u>		<u>47,133</u>	
Total alternative investments measured at net asset value	<u>221,824</u>		<u>236,497</u>	
Total investments	<u>\$ 269,153</u>		<u>256,874</u>	

(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.

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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 of 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 of 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, 2024, 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 \$22,182 as of June 30, 2024.

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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	2024	2023
Daily	\$ 34,272	8,375
Weekly	13,218	10,059
Monthly	33,293	45,143
Quarterly	72,089	61,972
Semiannual	10,223	12,873
Annual	7,580	6,280
Lockup	85,420	100,170
Total	\$ <u>256,095</u>	<u>244,872</u>

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

	2024	2023
Interest and dividend income	\$ 1,414	314
Investment management and custodial fees	(541)	(909)
Net realized and unrealized appreciation (depreciation) on investments	28,823	24,092
Total investment return	<u>29,696</u>	<u>23,497</u>
Less investment return available under spending policy, including amounts with donor restrictions of \$8,503 and \$8,152 in 2024 and 2023, respectively	<u>(14,489)</u>	<u>(14,059)</u>
Investment return (less) greater than amounts utilized under spending policy, including amounts with donor restrictions of \$8,538 and \$6,566 in 2024 and 2023, respectively	\$ <u>15,207</u>	<u>9,438</u>

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(7) Fixed Assets

Fixed assets balances were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 15,513	15,513
Building and building improvements	1,075,695	1,072,818
Furniture, fixtures, and equipment	53,129	50,694
Fountain and works of art	1,690	1,690
Leasehold improvements	<u>29,498</u>	<u>28,125</u>
Total fixed assets	<u>1,175,525</u>	<u>1,168,840</u>
Less accumulated depreciation and amortization	(381,063)	(349,194)
Construction in progress	<u>15,125</u>	<u>10,068</u>
Fixed assets, net	<u>\$ 809,587</u>	<u>829,714</u>

Total depreciation expense for the years ended June 30, 2024, and 2023 was \$33,026 and \$26,520, respectively.

(8) Lines of Credit

On April 2, 2024, Lincoln Center renewed and modified its prime rate adjustable-revolving credit line agreement with a domestic bank (see Note 9(b)). The agreement allows for borrowings up to \$10,000 and will expire on February 19, 2025. There have been no advances made against this agreement, with no borrowings outstanding as of June 30, 2024.

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(9) Long Term-Debt

(a) Long Term-Debt

Long-term debt at June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
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	<u>70,160</u>	<u>70,160</u>
Long-term debt	282,955	282,955
Unamortized bond premium	24,515	27,987
Unamortized debt issuance costs	<u>(1,206)</u>	<u>(1,370)</u>
Total long-term debt	\$ <u><u>306,264</u></u>	<u><u>309,572</u></u>

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%.

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 \$8,966 in 2024 and 2023.

(b) Bridge Financing for The David Geffen Hall Redevelopment Project

In January 2021, Lincoln Center and the New York Philharmonic (NYP) entered into a joint and several nonrevolving term loan agreement to provide bridge financing for the DGH Project (note 3) with a domestic bank. The secured borrowing base under the loan agreement comprises 90% of eligible capital campaign pledge payments due before the term loan's final maturity and either 80% or 90% of pledge payments receivable thereafter.

Total advances under this term loan of approximately \$144,000 (\$86,000 by Lincoln Center and \$58,000 by NYP) were drawn under the agreement through March 15, 2023, as allowable under

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Lincoln Center and NYP's secured borrowing base provision. No further advances were provided under the agreement, with repayments of approximately \$34,400 (\$17,000 by Lincoln Center and \$17,400 by NYP) made through June 30, 2024. Such repayments were funded by capital campaign pledge payments. As of June 30, 2024, approximately \$99,900 (\$59,600 due from Lincoln Center and \$40,300 from NYP) was outstanding against the term loan. As of June 30, 2023, approximately \$133,500 (\$80,100 due from Lincoln Center and \$53,400 from NYP) was outstanding against the term loan.

The loan bears interest at a 5.25% fixed rate and has a final maturity of June 30, 2026. Between June 30, 2024, and final maturity, unpaid principal cannot exceed a periodically decreasing threshold, beginning with \$100,000 on June 30, 2024, and ending with \$56,000 on December 31, 2025, six months prior to final maturity. If the unpaid principal assume aforementioned thresholds during the period ending June 30, 2026, the bank would automatically withdraw pledge payments from designated accounts held by each organization and apply them to the principal balance. The bank maintains collateral of \$17,000 of various investment accounts with respect to expected payments of capital campaign pledges after June 30, 2026.

The term agreement establishes certain financial covenants and reporting obligations for both Lincoln Center and NYP. These include, among other things, quarterly certifications as to (i) combined unrestricted minimum liquid assets (which must total at least \$80,000, and \$100,000 if borrowings equal or exceed \$100,000), (ii) eligible Borrowing Base and (iii) project funding.

Due to the joint and several nature of the liability, Lincoln Center and the NYP 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.

(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, 2024 and 2023 was 1.94% and 1.91%, respectively.

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, 2024 and 2023.

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For each of the years ended June 30, 2024, and 2023, total operating lease cost was approximately \$782, and total short-term lease cost was approximately \$362 and \$250, respectively. As of both June 30, 2024, and 2023, 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 \$635 and \$550 is included in the consolidated statement of activities for the year ended June 30, 2024 and 2023.

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:

2025	\$	805
2026		747
2027		413
2028		51
2029		51
Thereafter		44
		<hr/>
Total lease payments		2,111
		<hr/>
Less present value discount		(45)
		<hr/>
Total lease obligations	\$	<u><u>2,066</u></u>

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(11) Net Assets

Net assets at June 30, 2024 and 2023 were available for the following purposes:

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
General operating	\$ (2,913)	(1,394)
Board designated:		
Board designated (see note 15):		
Various Funds	143,200	135,210
Renewal and replacement reserves	2,000	6,288
Operations – special reserves	—	613
Total board designated	<u>145,200</u>	<u>142,111</u>
Redevelopment and other physical capital	<u>251,166</u>	<u>272,880</u>
Total without donor restrictions	<u>393,453</u>	<u>413,597</u>
With donor restrictions – purpose or time restricted:		
Program support, primarily accumulated gains on endowment of \$67,026 and \$61,172 in 2024 and 2023, respectively	83,880	90,139
Lincoln Center Redevelopment Projects and other capital	<u>17,910</u>	<u>13,098</u>
Total with donor restrictions – purpose or time restricted	101,790	103,237
With donor restrictions – endowment fund corpus, income restricted for various programs	<u>104,448</u>	<u>104,448</u>
Total with donor restrictions	<u>206,238</u>	<u>207,685</u>
Total net assets	<u>\$ 599,691</u>	<u>621,282</u>

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(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, 2023 and 2022 (the most recent actuarial valuation information available), the actuarial value of plan assets was \$102,000 and \$98,000, respectively, the actuarial accrued liability was \$114,000 and \$111,000, respectively, and the funded percentage was 89% and 88%, respectively. In addition, at June 30, 2023 and 2022, the fair value of Plan net assets available for benefits was \$87,000 and \$82,000, respectively; the present value of accumulated benefit obligation was \$114,000 and \$110,000, respectively; and the funded percentage based on the fair value of Plan net assets was 76% and 74%. Lincoln Center's Plan provisions were amended to include a modified freeze effective July 1, 2017 and a full freeze effective July 31, 2023. After July 31, 2023, all Lincoln Center nonunion employees are 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.

Fund	EIN	Plan year-end	Contributions		Surcharge
			2024	2023	
32 BJ/Broadway League Pension Fund	13-1998219	12/31/2023	\$ 557	483	There are three agreements in effect: LC Security Guards 8/31/23; LC Utility Persons, Performance Utility Persons, and Restroom Attendants 8/31/23; Service Employees International Union Local 32B/Tour Guides 10/31/21

Lincoln Center also participates in certain other Plans that are not considered significant. Lincoln Center contributed \$1,709 and \$1,164 to these Plans for the years ended June 30, 2024 and 2023, 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.

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(14) Functional Expenses

For the year ended June 30, 2024 (with summary totals for the year ended June 30, 2023), 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	2024	2023
Salaries and benefits	\$ 7,300	3,245	53,310	3,164	67,019	25,094	3,596	95,709	85,532
Artists and performing fees	8,669	594	24	383	9,670	114	—	9,784	7,574
Legal and other professional fees	744	464	405	25	1,638	6,501	60	8,199	10,767
Equipment, production, and space rental	7,177	230	1,054	117	8,578	106	1	8,685	5,941
Advertising and promotion	1,061	237	74	58	1,430	440	713	2,583	1,988
Insurance	131	1	2,188	15	2,335	270	—	2,605	2,300
Maintenance, repairs, and other occupancy costs	332	—	25,934	4	26,270	2,025	36	28,331	21,737
Utilities	—	—	9,887	—	9,887	2	—	9,889	9,102
Other	905	829	2,141	150	4,025	6,578	180	10,783	9,212
Depreciation and amortization	232	232	30,876	—	31,340	1,339	347	33,026	26,520
Interest and other financing costs	—	—	13,542	—	13,542	—	—	13,542	11,965
Total	\$ 26,551	5,832	139,435	3,916	175,734	42,469	4,933	223,136	192,638

(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.

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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 and split interest agreements of \$60 and \$442 as of June 30, 2024 and 2023, respectively, are as follows:

June 30, 2024				
	Without donor restrictions	With donor restrictions		Total
		Purpose or time restricted	Endowment fund corpus	
Donor-restricted funds	\$ —	65,322	104,448	169,770
Board-designated funds	117,812	—	—	117,812
	<u>\$ 117,812</u>	<u>65,322</u>	<u>104,448</u>	<u>287,582</u>
June 30, 2023				
	Without donor restrictions	With donor restrictions		Total
		Purpose or time restricted	Endowment fund corpus	
Donor-restricted funds	\$ —	57,641	104,448	162,089
Board-designated funds	110,352	—	—	110,352
	<u>\$ 110,352</u>	<u>57,641</u>	<u>104,448</u>	<u>272,441</u>

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The following tables present changes in Lincoln Center's endowment funds, including contributions receivable, for the years ended June 30, 2024 and 2023:

	June 30, 2024			
	Without donor restrictions	With donor restrictions		Total
		Purpose or time restricted	Endowment fund corpus	
Endowment net funds, June 30, 2023	\$ 110,352	57,641	104,448	272,441
Interest and dividends	1,342	72	—	1,414
Investment management and custodial fees	(234)	(307)	—	(541)
Net realized and unrealized appreciation of investments	12,404	16,419	—	28,823
Investment return appropriated for current operations	(5,986)	(8,503)	—	(14,489)
Prior year appropriations released with satisfaction of donor restriction	(66)	—	—	(66)
Endowment net funds, June 30, 2024	<u>\$ 117,812</u>	<u>65,322</u>	<u>104,448</u>	<u>287,582</u>

	June 30, 2023			
	Without donor restrictions	With donor restrictions		Total
		Purpose or time restricted	Endowment fund corpus	
Endowment net funds, June 30, 2022	\$ 108,330	55,100	104,448	267,878
Interest and dividends	122	192	—	314
Investment management and custodial fees	(391)	(518)	—	(909)
Net realized and unrealized appreciation of investments	9,048	15,044	—	24,092
Investment return appropriated for current operations	(5,907)	(8,152)	—	(14,059)
Prior year appropriations released with satisfaction of donor restriction	—	(2,408)	—	(2,408)
Other	(850)	(1,617)	—	(2,467)
Endowment net funds, June 30, 2023	<u>\$ 110,352</u>	<u>57,641</u>	<u>104,448</u>	<u>272,441</u>

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

Notes to Consolidated Financial Statements

June 30, 2024

(With summarized comparative financial information as of and for the year ended June 30, 2023)

(In thousands)

(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, 2024 or 2023.

(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 must certify compliance with the conflict-of-interest policy annually and indicate if 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, 2024 and 2023, Lincoln Center had approximately \$12,000 and \$11,000, 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.

No additional associations are considered to be significant.

(17) Subsequent Events

Events that have occurred subsequent to June 30, 2024, have been evaluated through December 5, 2024, the date Lincoln Center's consolidated financial statements were issued.

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

Consolidating Balance Sheet

June 30, 2024
(In thousands)

	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Assets					
Cash and cash equivalents	\$ 11,696	175	11,871	—	11,871
Accounts and investment income receivable	30,301	4,290	34,591	(2,849)	31,742
Contributions and grants receivable, net	99,127	—	99,127	—	99,127
Prepaid expenses, inventory, and other assets	10,832	1	10,833	—	10,833
Investments	269,153	—	269,153	—	269,153
Right-of-use assets	1,901	—	1,901	(117)	1,784
Fixed assets, net	809,587	—	809,587	—	809,587
Total assets	<u>\$ 1,232,597</u>	<u>4,466</u>	<u>1,237,063</u>	<u>(2,966)</u>	<u>1,234,097</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 27,785	4,390	32,175	(2,949)	29,226
Portion of shared redevelopment pledges due to the New York Philharmonic	13,783	—	13,783	—	13,783
Deferred revenue – Redevelopment Project	210,292	—	210,292	—	210,292
Deferred revenue – operating	2,617	—	2,617	—	2,617
Lease liabilities	2,083	—	2,083	(17)	2,066
Due to constituent organizations (pass-through contributions and grants)	8,000	—	8,000	—	8,000
Other liabilities	2,550	—	2,550	—	2,550
Bridge financing term loan – Redevelopment Project	59,608	—	59,608	—	59,608
Long-term debt	306,264	—	306,264	—	306,264
Total liabilities	<u>632,982</u>	<u>4,390</u>	<u>637,372</u>	<u>(2,966)</u>	<u>634,406</u>
Commitments and contingencies					
Net assets:					
Without donor restrictions:					
General operating	(2,913)	—	(2,913)	—	(2,913)
Board designated	145,200	—	145,200	—	145,200
Redevelopment and other physical capital	251,090	76	251,166	—	251,166
Total net assets without donor restrictions	<u>393,377</u>	<u>76</u>	<u>393,453</u>	<u>—</u>	<u>393,453</u>
With donor restrictions:					
Purpose or time restricted	101,790	—	101,790	—	101,790
Endowment fund corpus	104,448	—	104,448	—	104,448
Total net assets with donor restrictions	<u>206,238</u>	<u>—</u>	<u>206,238</u>	<u>—</u>	<u>206,238</u>
Total net assets	<u>599,615</u>	<u>76</u>	<u>599,691</u>	<u>—</u>	<u>599,691</u>
Total liabilities and net assets	<u>\$ 1,232,597</u>	<u>4,466</u>	<u>1,237,063</u>	<u>(2,966)</u>	<u>1,234,097</u>

See accompanying independent auditors' report.

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

Consolidating Statement of Activities

Year ended June 30, 2024
(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	\$ 56,167	—	56,167	—	56,167
Government grants	2,011	—	2,011	—	2,011
Investment return:					
Appropriated for current operations	14,489	—	14,489	—	14,489
In excess of amounts appropriated for current operations	15,207	—	15,207	—	15,207
Box office and other program service revenue	1,399	—	1,399	—	1,399
Facilities services	35,935	—	35,935	(4)	35,931
Rental income	65,606	—	65,606	—	65,606
Other income	3,762	10,346	14,108	(10,346)	3,762
Special event revenue, net of expenses of \$466 in 2024	6,973	—	6,973	—	6,973
Write-off of uncollectible pledge	—	—	—	—	—
Total revenue	<u>201,549</u>	<u>10,346</u>	<u>211,895</u>	<u>(10,350)</u>	<u>201,545</u>
Expenses:					
Program services:					
Performance presentations	26,551	—	26,551	—	26,551
Education and outreach	5,832	—	5,832	—	5,832
Facilities management and services	125,893	—	125,893	—	125,893
Innovation and other	3,916	—	3,916	—	3,916
Redevelopment projects	—	6,933	6,933	(6,933)	—
Interest and other financing costs, net	13,542	—	13,542	—	13,542
Total program services	<u>175,734</u>	<u>6,933</u>	<u>182,667</u>	<u>(6,933)</u>	<u>175,734</u>
Supporting services:					
Management and general	42,469	3,417	45,886	(3,417)	42,469
Fundraising	4,933	—	4,933	—	4,933
Total supporting services	<u>47,402</u>	<u>3,417</u>	<u>50,819</u>	<u>(3,417)</u>	<u>47,402</u>
Total expenses	<u>223,136</u>	<u>10,350</u>	<u>233,486</u>	<u>(10,350)</u>	<u>223,136</u>
Change in net assets	(21,587)	(4)	(21,591)	—	(21,591)
Net assets at beginning of year	621,202	80	621,282	—	621,282
Net assets at end of year	<u>\$ 599,615</u>	<u>76</u>	<u>599,691</u>	<u>—</u>	<u>599,691</u>

See accompanying independent auditors' report.