

**THE CHAMBER MUSIC SOCIETY  
OF LINCOLN CENTER, INC.**

**Financial Statements  
and  
Supplementary Information  
for years ended  
June 30, 2022  
and  
June 30, 2021**

## Table of Contents

	<b>Page(s)</b>
<b>Independent Auditor's Report</b>	1-3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-25
<b>Supplementary Information</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance	28-30
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33-34

## **Independent Auditor's Report**

To the Board of Directors of  
The Chamber Music Society of Lincoln Center, Inc.

### ***Opinion***

We have audited the accompanying financial statements of The Chamber Music Society of Lincoln Center, Inc. (the "Society") which comprise the statements of financial position as of June 30, 2022 and June 30, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as of June 30, 2022 and June 30, 2021 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society 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 Financial Statements***

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Society'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

Condon O'Meara McIntyre & Donnelly LLP

December 19, 2022 (except as to the supplementary information on pages 26-34, which is as of February 28, 2023)

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Financial Position**

**Assets**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,922,012	\$ 5,001,347
Contributions receivable	2,415,119	2,558,050
Prepaid expenses and other current assets	469,655	244,694
Total current assets	7,806,786	7,804,091
<b>Contributions receivable, net</b>	1,376,511	1,873,043
<b>Property and equipment, net of accumulated depreciation and amortization</b>	4,881,316	5,046,529
<b>Investments, at fair value</b>	59,040,656	61,061,363
<b>Total assets</b>	<b>\$ 73,105,269</b>	<b>\$ 75,785,026</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable, taxes payable and accrued expenses	\$ 1,328,281	\$ 570,256
Advance box office receipts	892,016	713,738
Total current liabilities	2,220,297	1,283,994
<b>Loans payable</b>	-	1,157,145
Total liabilities	2,220,297	2,441,139
<b>Net assets</b>		
Without donor restrictions		
Operating	1,147,616	1,137,322
Other	27,184,242	29,541,855
Total without donor restrictions	28,331,858	30,679,177
With donor restrictions	42,553,114	42,664,710
Total net assets	70,884,972	73,343,887
<b>Total liabilities and net assets</b>	<b>\$ 73,105,269</b>	<b>\$ 75,785,026</b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Activities**  
**Year Ended June 30, 2022**  
**(with Summarized Comparative Information for the year ended June 30, 2021)**

	<b>2022</b>			<b>2021</b>		
	<b>Without Donor Restrictions</b>		<b>Total</b>	<b>With Donor</b>	<b>Total</b>	
	<b>Operating</b>	<b>Other</b>		<b>Restrictions</b>		
<b>Support and revenue</b>						
Contributions	\$ 2,354,588	\$ 1,305,850	\$ 3,660,438	\$ 6,680,017	\$ 10,340,455	\$ 3,357,609
Contributions – Campaign for the 50 <sup>th</sup>	56,435	-	56,435	442,102	498,537	1,161,160
Government grants	2,591,345	-	2,591,345	-	2,591,345	241,533
Box office receipts	1,336,281	-	1,336,281	-	1,336,281	42,292
Touring	843,543	-	843,543	-	843,543	190,548
Long-term investment return designated for current operations	740,700	1,640,000	2,380,700	-	2,380,700	2,266,332
Long-term investment return in excess of spending rate, net	-	(5,626,827)	(5,626,827)	(5,893,563)	(11,520,390)	11,122,794
Other investment return	68,861	-	68,861	-	68,861	64,581
Rent, royalties and miscellaneous	32,655	-	32,655	-	32,655	5,293
Benefits	1,010,503	-	1,010,503	-	1,010,503	758,589
Less: direct benefits expenses	(186,201)	-	(186,201)	-	(186,201)	(156,900)
Sub-total	8,848,710	(2,680,977)	6,167,733	1,228,556	7,396,289	19,053,831
Net assets released from restrictions	544,050	796,102	1,340,152	(1,340,152)	-	-
Total support and revenue	<u>9,392,760</u>	<u>(1,884,875)</u>	<u>7,507,885</u>	<u>(111,596)</u>	<u>7,396,289</u>	<u>19,053,831</u>
<b>Expenses</b>						
Program services						
Performances	4,335,485	241,805	4,577,290	-	4,577,290	2,969,295
Touring	1,024,290	28,175	1,052,465	-	1,052,465	709,838
Education	577,876	18,957	596,833	-	596,833	452,128
Commissioning new music	30,204	-	30,204	-	30,204	-
Recording-production/distribution	1,133,241	73,322	1,206,563	-	1,206,563	807,563
Total program services	<u>7,101,096</u>	<u>362,259</u>	<u>7,463,355</u>	<u>-</u>	<u>7,463,355</u>	<u>4,938,824</u>
Supporting activities						
Management and general	905,723	29,688	935,411	-	935,411	795,090
Fundraising	1,375,647	80,791	1,456,438	-	1,456,438	1,169,638
Total supporting activities	<u>2,281,370</u>	<u>110,479</u>	<u>2,391,849</u>	<u>-</u>	<u>2,391,849</u>	<u>1,964,728</u>
Total expenses	<u>9,382,466</u>	<u>472,738</u>	<u>9,855,204</u>	<u>-</u>	<u>9,855,204</u>	<u>6,903,552</u>
<b>Increase (decrease) in net assets</b>	<b>10,294</b>	<b>(2,357,613)</b>	<b>(2,347,319)</b>	<b>(111,596)</b>	<b>(2,458,915)</b>	<b>12,150,279</b>
<b>Net assets, beginning of year</b>	<b><u>1,137,322</u></b>	<b><u>29,541,855</u></b>	<b><u>30,679,177</u></b>	<b><u>42,664,710</u></b>	<b><u>73,343,887</u></b>	<b><u>61,193,608</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 1,147,616</u></b>	<b><u>\$ 27,184,242</u></b>	<b><u>\$ 28,331,858</u></b>	<b><u>\$ 42,553,114</u></b>	<b><u>\$ 70,884,972</u></b>	<b><u>\$ 73,343,887</u></b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statement of Activities  
Year Ended June 30, 2021**

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operating</u>	<u>Other</u>	<u>Total</u>		
<b>Support and revenue</b>					
Contributions	\$ 2,770,477	\$ -	\$ 2,770,477	\$ 587,132	\$ 3,357,609
Contributions – Campaign for the 50 <sup>th</sup>	137,400	282,500	419,900	741,260	1,161,160
Government grants	241,533	-	241,533	-	241,533
Box office receipts	42,292	-	42,292	-	42,292
Touring	190,548	-	190,548	-	190,548
Long-term investment return designated for current operations	1,359,799	906,533	2,266,332	-	2,266,332
Long-term investment return in excess of spending rate, net	-	6,025,324	6,025,324	5,097,470	11,122,794
Other investment return	64,581	-	64,581	-	64,581
Rent, royalties and miscellaneous	5,293	-	5,293	-	5,293
Benefits	758,589	-	758,589	-	758,589
Less: direct benefits expenses	(156,900)	-	(156,900)	-	(156,900)
Sub-total	5,413,612	7,214,357	12,627,969	6,425,862	19,053,831
Net assets released from restrictions	1,009,650	899,100	1,908,750	(1,908,750)	-
Total support and revenue	<u>6,423,262</u>	<u>8,113,457</u>	<u>14,536,719</u>	<u>4,517,112</u>	<u>19,053,831</u>
<b>Expenses</b>					
Program services					
Performances	2,704,877	264,418	2,969,295	-	2,969,295
Touring	679,028	30,810	709,838	-	709,838
Education	431,399	20,729	452,128	-	452,128
Recording-production/distribution	727,385	80,178	807,563	-	807,563
Total program services	4,542,689	396,135	4,938,824	-	4,938,824
Supporting activities					
Management and general	762,626	32,464	795,090	-	795,090
Fundraising	1,081,292	88,346	1,169,638	-	1,169,638
Total supporting activities	1,843,918	120,810	1,964,728	-	1,964,728
Total expenses	6,386,607	516,945	6,903,552	-	6,903,552
<b>Increase in net assets</b>	<b>36,655</b>	<b>7,596,512</b>	<b>7,633,167</b>	<b>4,517,112</b>	<b>12,150,279</b>
<b>Net assets, beginning of year</b>	<b><u>1,100,667</u></b>	<b><u>21,945,343</u></b>	<b><u>23,046,010</u></b>	<b><u>38,147,598</u></b>	<b><u>61,193,608</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 1,137,322</u></b>	<b><u>\$ 29,541,855</u></b>	<b><u>\$ 30,679,177</u></b>	<b><u>\$ 42,664,710</u></b>	<b><u>\$ 73,343,887</u></b>

See notes to financial statements.



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Functional Expenses**  
**Year Ended June 30, 2022**  
**(with Summarized Comparative Information for year ended June 30, 2021)**

	<b>2022</b>						<b>2021</b>				
	<b>Program Services</b>					<b>Supporting Activities</b>					
	<b>Performances</b>	<b>Touring</b>	<b>Education</b>	<b>Commissioning New Music</b>	<b>Recording- Production/ Distribution</b>	<b>Total</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Salaries and benefits	\$1,378,365	\$ 214,503	\$ 456,414	\$ -	\$ 402,464	\$2,451,746	\$ 341,939	\$1,079,628	\$1,421,567	\$3,873,313	\$3,889,677
Artists' fees	559,847	670,432	80,850	30,204	-	1,341,333	-	49,146	49,146	1,390,479	871,972
Travel	133,474	115,252	5,010	-	-	253,736	8,373	5,415	13,788	267,524	99,147
Marketing and promotion	587,680	1,750	-	-	-	589,430	-	-	-	589,430	205,742
Credit card fees	-	-	-	-	-	-	72,991	-	72,991	72,991	43,345
Hall rental and labor	1,051,308	-	21,587	-	20,251	1,093,146	-	23,972	23,972	1,117,118	59,805
Music purchase and rental	1,764	508	815	-	-	3,087	-	-	-	3,087	2,018
Programs, brochures and inserts	75,087	-	3,875	-	-	78,962	-	6,493	6,493	85,455	87,747
Professional fees	84,991	600	1,200	-	657,465	744,256	214,490	16,050	230,540	974,796	467,831
Dues, conferences, subscriptions	-	-	1,916	-	-	1,916	31,000	-	31,000	32,916	16,748
Catering and hospitality	12,905	11,860	2,891	-	-	27,656	17,915	352,454	370,369	398,025	180,883
Insurance	-	2,661	-	-	-	2,661	52,682	-	52,682	55,343	50,151
Messengers, postage, mailing	25,867	-	-	-	-	25,867	521	3,777	4,298	30,165	14,770
Software	-	-	-	-	-	-	96,405	-	96,405	96,405	108,914
Telephone	-	-	-	-	-	-	1,361	-	1,361	1,361	7,730
Furniture, equipment and maintenance	44,884	-	-	-	18,791	63,675	13,341	-	13,341	77,016	26,337
Depreciation and amortization	241,805	28,175	18,957	-	73,322	362,259	29,688	80,791	110,479	472,738	516,945
Rose Studio maintenance	241,036	-	-	-	-	241,036	-	-	-	241,036	233,731
Tuning and other production	134,070	4,244	2,386	-	33,864	174,564	-	-	-	174,564	78,126
CDs, materials, and reference	1,182	-	910	-	-	2,092	10,500	20,659	31,159	33,251	31,636
Office supplies and miscellaneous	3,025	2,480	22	-	406	5,933	44,205	4,254	48,459	54,392	67,197
Total expenses by function	4,577,290	1,052,465	596,833	30,204	1,206,563	7,463,355	935,411	1,642,639	2,578,050	10,041,405	7,060,452
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	-	186,201	186,201	186,201	156,900
<b>Total</b>	<b>\$4,577,290</b>	<b>\$1,052,465</b>	<b>\$ 596,833</b>	<b>\$ 30,204</b>	<b>\$1,206,563</b>	<b>\$7,463,355</b>	<b>\$ 935,411</b>	<b>\$1,456,438</b>	<b>\$2,391,849</b>	<b>\$9,855,204</b>	<b>\$6,903,552</b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Functional Expenses  
Year Ended June 30, 2021**

	<u>Program Services</u>					<u>Supporting Activities</u>			
	<u>Performances</u>	<u>Touring</u>	<u>Education</u>	<u>Recording- Production/ Distribution</u>	<u>Total</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits	\$ 1,274,520	\$ 390,945	\$ 400,146	\$ 461,210	\$ 2,526,821	\$ 321,900	\$ 1,040,956	\$ 1,362,856	\$ 3,889,677
Artists' fees	655,407	189,515	16,075	-	860,997	-	10,975	10,975	871,972
Travel	17,075	70,654	436	-	88,165	10,535	447	10,982	99,147
Marketing and promotion	205,742	-	-	-	205,742	-	-	-	205,742
Credit card fees	-	-	-	-	-	43,345	-	43,345	43,345
Hall rental and labor	59,805	-	-	-	59,805	-	-	-	59,805
Music purchase and rental	2,018	-	-	-	2,018	-	-	-	2,018
Programs, brochures and inserts	84,497	-	3,250	-	87,747	-	-	-	87,747
Professional fees	95,333	2,000	-	227,534	324,867	142,964	-	142,964	467,831
Dues, conferences, subscriptions	-	-	4,490	-	4,490	12,258	-	12,258	16,748
Catering and hospitality	4,317	8,220	492	-	13,029	5,182	162,672	167,854	180,883
Insurance	-	2,700	-	-	2,700	47,451	-	47,451	50,151
Messengers, postage, mailing	13,643	55	-	-	13,698	743	329	1,072	14,770
Software	-	-	-	-	-	108,914	-	108,914	108,914
Telephone	-	-	-	-	-	7,730	-	7,730	7,730
Furniture, equipment and maintenance	8,803	-	-	5,128	13,931	12,406	-	12,406	26,337
Depreciation and amortization	264,418	30,810	20,729	80,178	396,135	32,464	88,346	120,810	516,945
Rose Studio maintenance	233,731	-	-	-	233,731	-	-	-	233,731
Tuning and other production	42,934	1,400	2,000	31,592	77,926	-	200	200	78,126
CDs, materials, and reference	1,704	-	4,510	-	6,214	10,500	14,922	25,422	31,636
Office supplies and miscellaneous	5,348	13,539	-	1,921	20,808	38,698	7,691	46,389	67,197
Total expenses by function	2,969,295	709,838	452,128	807,563	4,938,824	795,090	1,326,538	2,121,628	7,060,452
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	156,900	156,900	156,900
<b>Total</b>	<b><u>\$ 2,969,295</u></b>	<b><u>\$ 709,838</u></b>	<b><u>\$ 452,128</u></b>	<b><u>\$ 807,563</u></b>	<b><u>\$ 4,938,824</u></b>	<b><u>\$ 795,090</u></b>	<b><u>\$ 1,169,638</u></b>	<b><u>\$ 1,964,728</u></b>	<b><u>\$ 6,903,552</u></b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Cash Flows**

	<b>Years Ended</b>	
	<b>June 30</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ (2,458,915)	\$12,150,279
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	472,738	516,945
Perpetually restricted contributions	(396,842)	(226,844)
Donated investment securities	(292,969)	(292,969)
Proceeds from sale of donated investment securities	292,969	292,969
Net realized and unrealized (gain) loss on long-term investments	10,222,764	(12,834,027)
Forgiveness of loans payable	(1,157,145)	-
(Increase) decrease in assets		
Contributions receivable	639,463	1,045,851
Prepaid expenses and other current assets	(224,961)	89,304
Increase (decrease) in liabilities		
Accounts payable, taxes payable and accrued expenses	758,025	(125,350)
Advance box office receipts	178,278	222,530
Net cash provided by operating activities	<u>8,033,405</u>	<u>838,688</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	499,962	4,810,201
Purchase of investments	(8,702,019)	(4,173,026)
Purchases of property and equipment	<u>(307,525)</u>	<u>(153,733)</u>
Net cash provided by (used in) investing activities	<u>(8,509,582)</u>	<u>483,442</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans payable	-	573,807
Perpetually restricted contributions	<u>396,842</u>	<u>226,844</u>
Net cash provided by financing activities	<u>396,842</u>	<u>800,651</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(79,335)</b>	<b>2,122,781</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>5,001,347</u></b>	<b><u>2,878,566</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 4,922,012</u></b>	<b><u>\$ 5,001,347</u></b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements  
June 30, 2022 and June 30, 2021****Note 1 – Nature of organization and summary of significant accounting policies**Nature of organization

The Chamber Music Society of Lincoln Center, Inc. (the “Society”) seeks to stimulate and support the production, performance, and composition of chamber music through live concerts (local and tours), education, maintenance of a music library, and commissioning new works.

Net asset classifications

The Society reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have been fulfilled. As reflected in the accompanying statements of financial position, the Society has designated net assets without donor restrictions to operating and other net assets without donor restrictions. The operating net assets consist primarily of ongoing activities of the Society. At the Society’s year-end of June 30<sup>th</sup>, the balance of operating net assets consists of the historical cumulative increase in net assets.
- Net assets with donor restrictions contain donor-imposed restrictions that permit the Society to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by action of the Society. Net assets with donor restrictions also contain donor-imposed restrictions that stipulate the principal be maintained in perpetuity, but permit the Society to use, or expend part or all of the investment return derived from the donated assets for either specified or unspecified purposes.

Contributions

Unconditional promises to contribute are recognized as revenue at their fair value at the time the pledge is made.

The Society records contributions and investment return as net assets with donor restrictions if they are received with donor stipulations that limit their use, either through purpose or time restrictions and those stipulations have not been fulfilled. When donor restrictions are fulfilled in subsequent years, that is, when a purpose restriction is met or a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions and investment return received with donor stipulations that limit their uses, which are fulfilled in the same reporting period, are recorded as being without donor restrictions.

The Society is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Contributions of non-financial assets

The Society has volunteers who provide periodic administrative support to the subscriptions and development department. In addition, the Society receives in-kind services rendered by other volunteers including Board members who have donated significant amounts of their time to the Society's activities. These services do not meet the criteria for recognition under the accounting standards and accordingly, have not been reflected in the financial statements.

Cash equivalents

The Society considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Fair value of financial instruments

Investments are reported at fair value. Unrealized gains and losses are determined using quoted market prices at the respective statements of financial position dates. Realized gains and losses from sales of securities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment transactions are accounted for on a trade-date basis. The Society also invests in limited partnerships. The value of the limited partnerships, which is adjusted for unrealized gains and losses, is based upon the most recent available information provided by management of the limited partnerships. There is uncertainty in determining fair value of limited partnerships arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, time lags associated with reporting by the investee companies, and the subjective evaluation of liquidity restrictions. As a result, the estimated fair values reported in the accompanying statements of financial position might differ from the values that would have been used had a ready market for the limited partnerships' interest existed. Furthermore, there is at least a reasonable possibility that estimates will change by material amounts in the near term.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The fair value of the Society's investments in certain limited partnerships and other are determined using the net asset value (NAV) per share and are not included in the fair value hierarchy. These investments are reflected as a reconciling item between the total amount of investments classified within the fair value hierarchy and the total investments measured at fair value on the face of the statements of financial position.

Allowance for doubtful accounts

The Society has determined that its contributions receivable are fully collectable and that an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are capitalized at cost and depreciated and amortized using the straight-line method over the estimated useful lives of the assets. The Society capitalizes expenditures for assets in excess of a nominal amount with an estimated useful life of greater than one year.

Advertising costs

Advertising costs are expensed as incurred and amounted to \$498,180 and \$130,497 in the 2022 and 2021 fiscal years, respectively.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Functional classification of expenses

The costs of providing program services and supporting activities have been summarized in the accompanying statements of activities. Program services include costs of performances, touring, education, broadcasting, recording, and commissioning of new chamber music. Management and general expenses include executive and financial administration, and an allocable portion of building maintenance and security.

Fundraising activities of the Society includes salaries and employee benefits of program staff who develop proposals for fundraising; solicit contributions for those needs and for endowment purposes from individuals, corporations, government agencies and foundations; and conduct special fundraising events. Fundraising costs are expensed as incurred.

Expenses attributable to more than one functional category are allocated based on time and effort.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, contributions receivable and investments. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, bank balances exceed the FDIC insurance limit. However, the Society has not experienced any losses in these bank accounts to date. Management of the Society monitors the collectability of contributions receivable. The Society's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statements of financial position at June 30, 2022. The Society routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. As a consequence, management believes that concentrations of credit risk are limited.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 19, 2022, which is the date the financial statements were available to be issued.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 2 – Liquidity and availability of financial assets**

The Society's working capital and cash flows have seasonal variations during the year attributable to cash receipts from contributions, box office receipts, benefits and other revenue items.

The following is a summary of the Society's financial assets as of June 30, 2022 and June 30, 2021 that are available for general use within one year of the statements of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,922,012	\$ 5,001,347
Contributions receivable, current portion	2,415,119	2,558,050
Investments, at fair value	<u>59,040,656</u>	<u>61,061,363</u>
Sub-total	66,377,787	68,620,760
Less: Net assets with perpetual donor restrictions	<u>(22,705,422)</u>	<u>(22,308,580)</u>
Total	<u>\$ 43,672,365</u>	<u>\$ 46,312,180</u>

**Note 3 – Contributions receivable**

Contributions receivable as of June 30, 2022 and June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>2022</u>	<u>2021</u>
2022	\$ -	2,558,050
2023	2,415,119	1,689,000
2024	1,159,000	314,000
2025	246,000	-
2026	<u>50,000</u>	<u>-</u>
Sub-total	3,870,119	4,561,050
Less: amount to reduce contributions receivable to their present value (discount rate – 3.25%)	<u>(78,489)</u>	<u>(129,957)</u>
Total	<u>\$ 3,791,630</u>	<u>\$ 4,431,093</u>



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 4 – Investments, at fair value**

Investments as of June 30, 2022 and June 30, 2021 consist of the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 6,654,010	\$ 6,654,010	\$ 5,145,693	\$ 5,145,693
Mutual funds	21,698,272	19,255,058	17,722,224	21,857,670
Investments in limited partnerships and other*				
U.S. equities**	300,000	15,336,459	300,000	17,153,520
International equities**	7,797,714	17,401,289	4,797,714	16,400,573
Multi-strategy**	-	-	-	9,189
Private equity and other**	345,007	393,840	345,007	494,718
Total long-term investments	\$36,795,003	\$59,040,656	\$28,310,638	\$61,061,363

\* Interest in oil/gas leases is reflected at their donated value.

\*\* This balance represents fair value after distributions were reflected as a return of capital.

The Society invests in various limited partnerships. The investment objectives are to preserve capital and provide a satisfactory return with an effort to maintain a low risk profile, through various hedging strategies.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 4 – Investments, at fair value (continued)**

The following table presents the Society's financial assets that are measured at fair value on a recurring basis at June 30, 2022 and June 30, 2021:

<u>Description</u>	<u>2022</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 6,654,010	\$ 6,654,010	\$ -	\$ -
Mutual funds	19,255,058	19,255,058	-	-
Investments in limited partnerships and other:				
U.S. equities	15,336,459	-	-	15,336,459
Private equity and other	<u>351,169</u>	<u>-</u>	<u>-</u>	<u>351,169</u>
Sub-total of investments	41,596,696	<u>\$ 25,909,068</u>	<u>\$ -</u>	<u>\$ 15,687,628</u>
Investments in limited partnerships and other measured at NAV				
International equities	17,401,289			
Private equity and other	<u>42,671</u>			
Total investments	<u>\$ 59,040,656</u>			
<u>Description</u>	<u>2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 5,145,693	\$ 5,145,693	\$ -	\$ -
Mutual funds	21,857,670	21,857,670	-	-
Investments in limited partnerships and other:				
U.S. equities	17,153,520	-	-	17,153,520
Private equity and other	<u>359,796</u>	<u>-</u>	<u>-</u>	<u>359,796</u>
Sub-total of investments	44,516,679	<u>\$ 27,003,363</u>	<u>\$ -</u>	<u>\$ 17,513,316</u>
Investments in limited partnerships and other measured at NAV				
International equities	16,400,573			
Multi-strategy	9,189			
Private equity and other	<u>134,922</u>			
Total investments	<u>\$ 61,061,363</u>			

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 4 – Investments, at fair value (continued)**

The following is a summary of changes in the fair value of the Society’s Level 3 investments for the years ended June 30, 2022 and June 30, 2021:

Balance, June 30, 2020	\$ 12,390,745
Transfers out	(242,124)
Net realized and unrealized gain	<u>5,364,695</u>
Balance, June 30, 2021	17,513,316
Net realized and unrealized (loss)	<u>(1,825,688)</u>
Balance, June 30, 2022	<u>\$ 15,687,628</u>

The Society uses NAV, or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major class:

<u>Strategies of Limited Partnerships</u>	<u>Notice</u>	<u>NAV per Share</u>	<u>Redemption Frequency</u>
<b>U.S. Equities - 1</b>	1 fund with 60 days	N/A	Quarterly
<b>International Equities – 4</b>	1 fund with 10 days	160	Monthly
	3 funds with 90 days	3,155	Monthly
		160	Annually
		213	Annually

**Private Equity and other - 4** Capital is returned by each partnership over its contractual life.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 4 – Investments, at fair value (continued)**

Level 3 valuation techniques

Following is a description of the valuation methodologies used for Level 3 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and June 30, 2021.

Fair value measurements allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Society to value these investments is the net asset value (NAV) per share, or its equivalent. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. The Society reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

The preceding methods described for the limited partnerships and similar type investments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment return and its classification in the statements of activities for the year ended June 30, 2022 were as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,277,584	\$ -	\$ 1,277,584
Royalties from oil/gas leases	63,425	-	63,425
Net realized and unrealized (loss)	<u>(4,329,201)</u>	<u>(5,893,563)</u>	<u>(10,222,764)</u>
Net return on long-term investments	(2,988,192)	(5,893,563)	(8,881,755)
Interest on short-term investments	<u>2,267</u>	<u>-</u>	<u>2,267</u>
Net return on investments	(2,985,925)	(5,893,563)	(8,879,488)
Less: Amounts designated for current operations			
Long-term investment return	(2,380,700)	-	(2,380,700)
Other investment return	(68,861)	-	(68,861)
Investment advisory fees	<u>(191,341)</u>	<u>-</u>	<u>(191,341)</u>
Long-term investment return after deduction of amounts designated for current operations	<u>\$ (5,626,827)</u>	<u>\$ (5,893,563)</u>	<u>\$ (11,520,390)</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 5 – Property and equipment**

Property and equipment consisted of the following as of June 30, 2022 and June 30, 2021:

	Useful Life	2022	2021
Land	N/A	\$ 280,647	\$ 280,647
Furniture, pianos and equipment	5-20 years	1,565,470	1,418,280
Rose Building: interior	10-20 years	2,064,188	1,912,199
Rose Building: core and shell	10-40 years	2,907,285	2,898,939
Alice Tully Hall leasehold improvements and other improvements	3-30 years	<u>5,158,177</u>	<u>5,158,177</u>
Sub-total		11,975,767	11,668,242
Less: accumulated depreciation and amortization		<u>7,094,451</u>	<u>6,621,713</u>
Total		<u>\$ 4,881,316</u>	<u>\$ 5,046,529</u>

**Note 6 – Loans payable**

During 2020, the Society applied for and received \$583,338 under the Paycheck Protection Program (“PPP”) which was a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Society elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and the Society was legally released. The Society had the loan forgiven in its entirety in July 2021 and recorded the proceeds as government grant revenue in the 2022 statement of activities.

During 2021, the Society applied for and received a second PPP loan of \$573,807 with terms similar to the first PPP. The Society had the loan forgiven in its entirety during February 2022 and recorded the proceeds as government grant revenue in the 2022 statement of activities.

**Note 7 – Commitments**

The Society has entered into various commitments for compositions, hall rentals, and artists’ contracts. As of June 30, 2022, the following is a summary of the annual future commitments:

<u>Fiscal year</u>	<u>Amount</u>
2023	<u>\$3,182,830</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 7 – Commitments (continued)**

During May 2009, the Society entered into a Constituency Agreement with Lincoln Center for the Performing Arts, Inc. (“LCPA”) for space in the newly-renovated Alice Tully Hall. The term of this agreement is 25 years from the date of inception. During this term, both parties agree to fully perform all of their obligations under the lease, except to the extent that such obligations have been modified. Under this agreement, the Society has agreed to pay certain rental and administrative fees, as well as its pro-rata share of any deficit and capital renewals and renovations, which may result from the yearly operation of Alice Tully Hall. The Society’s share of the deficit in fiscal years 2022 and 2021 was \$151,989 and \$-0-, respectively.

The Society is a party to the Final Participants Agreement (the “Agreement”), dated May 19, 1987. As a part of the Agreement, the Society has a proprietary lease agreement with the LCPA for its occupancy in the Rose Building through June 2034. The Society has the option to extend the lease for two successive periods of 25 years, subject to certain terms and conditions as outlined in the Agreement. Under the agreement, the Society is obligated to pay its share of the costs of operating the building. Such costs totaled \$239,977 and \$173,833 in the 2022 and 2021 fiscal years, respectively.

**Note 8 – Pension and retirement plans****Multiple-employer defined benefit pension plan**

The Society participates in a multiple-employer defined benefit pension plan maintained by Lincoln Center for the Performing Arts (“LCPA”) along with certain of its Constituents, which covers substantially all full-time non-union employees. Employers’ contributions to the plan are commingled and available to pay the benefits of all plan participants.

During February 2017, the Society adopted a modified soft freeze of this plan pursuant to which its eligible employees will continue to participate in the plan after June 30, 2017, with a “career average pay” plan design at a 1.5% accrual rate in lieu of the existing plan accrual formula, which shall be frozen effective June 30, 2017. This change does not affect the pension benefit accruing to vested employees through and including June 30, 2017. The employees hired by the Society after June 30, 2017 through December 31, 2019 were not eligible to participate in the plan, but instead were eligible to receive employer contributions under the multiple-employer defined contribution plan. Employees hired after January 1, 2020 are eligible to participate in the new 403(b) plan at a contribution rate to be determined from time to time, in consultation with the Society’s Finance Committee, subject to a vesting schedule.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 8 – Pension and retirement plans (continued)****Defined contribution plans**

The Society also participated in a non-contributory multiple-employer defined contribution plan maintained by LCPA for employees who do not participate in the LCPA multiple-employer defined benefit pension plan. The Society contributed 3% of an eligible employee's compensation. The Society ceased participating in the plan effective December 31, 2019 and effective January 1, 2020, the Society provides a 403(b) plan for eligible employees who do not participate in the LCPA multiple-employer defined benefit pension plan. For the 403(b) plan, the Society contributes 3% of an eligible employee's compensation. The Society also matches 50% of employee contributions up to 2% of compensation.

For fiscal years 2022 and 2021, the Society contributed \$77,926 and \$227,191, respectively, to the plans.

**Note 9 – Net assets**

The Society reports its restricted net assets in accordance with Accounting Standards Topic 958 – Endowments. The Society follows the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to investment assets of the Society. The Society's investment assets include several individual funds established for a variety of purposes including both donor-restricted endowment funds and various funds designated by the Board of Directors that are not donor restricted. The Society seeks to act prudently when making decisions to spend or accumulate donor restricted assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted funds. The Society classifies as net assets with perpetual donor restrictions the original value of gifts donated to the permanent endowment. The Society has adopted the policy that investment return generated from funds with perpetual donor restrictions is to be recorded as net assets with temporary donor restrictions until such time as appropriated by the Board of Directors.

**Measure of operations**

The Society's measure of operations is its operating results from revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment return equal to \$2,380,700 and \$1,359,799 for fiscal 2022 and 2021, respectively, as determined by a spending rate policy of 3.0% in 2022 and 2021 of a twelve-quarter rolling average of the fair value of the endowment. The Society compares the twelve-quarter rolling average to a twenty-quarter rolling average to ensure compliance with NYPMIFA. The measure of operations excludes investment return in excess of that amount, bequests in excess of \$25,000 unless approved otherwise by the Board or net assets without donor restrictions that are Board designated, depreciation on property and equipment, investment expenses, unrelated business income taxes and expenses related to the Stoeger Prize, if any.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 9 – Net assets (continued)**

Measure of operations (continued)

The following is a summary of the Board-designated net assets without donor restrictions as of June 30, 2022 and June 30, 2021:

	<u>2022</u>	<u>2021</u>
General	\$ 23,200,612	\$ 27,213,225
Fund for Re-Opening	2,671,533	1,016,533
Fund for Innovation and Growth	512,097	512,097
Alice Tully Fund	400,000	400,000
Whitaker Fund	<u>400,000</u>	<u>400,000</u>
Total	<u>\$ 27,184,242</u>	<u>\$ 29,541,855</u>

The following are descriptions of the Society’s Board-designated funds:

General

Consist of amounts to be used to assure adequate cash and investments are available to meet future needs or any funding reduction that may cause hardship or budgetary constraints to the Society.

Fund for Re-Opening

In order to provide funding for the Society in the wake of the closure during the COVID-19 pandemic, the Society’s Board approved establishing a “Fund for Re-Opening” (the “Fund”) to support the multi-year impact of the pandemic on resuming live performances and retaining and re-building audiences in New York City. The Fund was initially established in the amount of \$110,000 from amounts transferred from other Board-designated funds.

Fund for Innovation and Growth

In order to provide seed funding for the Society to undertake, in a responsible and sustainable way, select new projects which provide special innovation and growth possibilities, the Society’s Board approved establishing a “Fund for Innovation and Growth” of \$800,000. In establishing this fund, the Board set forth a rigorous process for identifying projects and deploying funds, including review and approval by the Executive Committee and approval by the Board, and the requirement that each project become self-sustaining after three years.

Alice Tully Fund

Alice Tully provided the founding grant to the Society. In 2009, an Alice Tully heir made a legacy gift of \$400,000 to the Society, which the Board labelled the Alice Tully Fund. In 2009, the Board approved a use of up to \$50,000 per year to cover potential budgetary and operational shortfalls. This allocation has been approved in annual budgets since 2011 but never utilized.



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 9 – Net assets (continued)**

Whitaker Fund

In 2006, the Whitaker Fund was established by a former board member to support the activity of young artists. In 2009, the Board approved a use of up to \$50,000 per year to cover potential budgetary and operational shortfalls. This allocation has been approved in annual budgets since 2011 but never utilized.

Campaign for the 50<sup>th</sup>

On October 19, 2016, the Board of Directors adopted a plan to launch a *Campaign for the 50<sup>th</sup>* (the “Campaign”) as the Society approached its 50<sup>th</sup> anniversary. The Campaign’s purpose is to both raise annual operating funds and to increase restricted investment assets in order to strengthen and grow its financial sustainability and secure continuation of its leadership position into the future as the foremost presenter and producer of chamber music in the world. As of the end of the 2022 fiscal year, Board Members have signed pledges totaling \$5,677,500 to the Campaign over and above their current annual giving. Of these gifts, 90% will be allocated to the general unrestricted investment assets and 10% will be allocated to a Campaign Operating Fund to be spent for current operations as needed. The present value of the total outstanding pledges at June 30, 2022, discounted at the rate of 3.25%, amounts to \$2,223,000 and is included in contributions receivable on the statements of financial position.

In July 2018, the Society received a \$5 million pledge (“Fund”), payable in annual installments of \$1 million for five years, to go toward the Campaign for the 50<sup>th</sup>. The pledge is recorded as perpetually restricted with investment return from the Fund to be used to support programs, performance opportunities and other activities designed to enhance and further the careers of talented young chamber musicians.

The following is a summary of the net assets with temporary donor restrictions as of and for the year ended June 30, 2022 and June 30, 2021:

	2022				Balance June 30, 2022
	Balance June 30, 2021	Contributions	Investment Return	Net Assets Released from Restrictions	
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 2,358,038	\$ -	\$ -	\$ -	\$ 2,358,038
Time restricted/donor designated for activities in future years	1,687,998	1,283,176	-	(658,200)	2,312,974
Stoeger Prize for composers	331,143	-	-	(27,000)	304,143
Campaign for the 50th-time restricted	1,325,012	442,102	-	(654,952)	1,112,162
Hauser Fund for Media and Technology	-	5,000,000	-	-	5,000,000
Unspent investment return earned on perpetually restricted funds	<u>14,653,939</u>	<u>-</u>	<u>(5,893,563)</u>	<u>-</u>	<u>8,760,376</u>
Total temporarily restricted net assets	<u>\$ 20,356,130</u>	<u>\$ 6,725,278</u>	<u>\$ (5,893,563)</u>	<u>\$ (1,340,152)</u>	<u>\$ 19,847,692</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 9 – Net assets (continued)**

	2021				
	Balance June 30, 2020	Contributions	Investment Return	Net Assets Released from Restrictions	Balance June 30, 2021
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 2,358,038	\$ -	\$ -	\$ -	\$ 2,358,038
Time restricted/donor designated for activities in future years	1,947,173	360,288	240,287	(859,750)	1,687,998
Stoeger Prize for composers	224,109	-	107,034	-	331,143
Campaign for the 50th-time restricted	1,632,752	741,260	-	(1,049,000)	1,325,012
Unspent investment return earned on perpetually restricted funds	<u>9,903,790</u>	<u>-</u>	<u>4,750,149</u>	<u>-</u>	<u>14,653,939</u>
Total temporarily restricted net assets	<u>\$ 16,065,862</u>	<u>\$ 1,101,548</u>	<u>\$ 5,097,470</u>	<u>\$ (1,908,750)</u>	<u>\$ 20,356,130</u>

The Society may expend the restricted net assets for program activities shown in the first line above, subject to certain conditions, including there being an extraordinary need and, in certain cases, meeting certain matching gift requirements.

The Society's investment policy is structured in order to ensure that the future growth of the investment assets is sufficient to offset normal inflation plus reasonable spending; to preserve the constant dollar value and purchasing power of the endowment for future generations; and to preserve the principal of operating cash and reserves while producing market-level income. In addition, this policy outlines appropriate risk and return objectives, offers asset allocation guidelines, describes suitable investments, and defines the responsibilities of the Society's Finance Committee and any investment consultant with respect to the investment of the Society's assets.

Net assets with perpetual donor restrictions as of June 30, 2022 and June 30, 2021 consisted of the following endowment funds:

	<u>2022</u>	<u>2021</u>
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 9,432,151	\$ 9,432,151
Chairs	1,729,494	1,729,494
Bowers program	5,000,000	4,953,158
Stoeger Prize for composers	445,692	445,692
Media	500,000	500,000
Taplin commissioning	461,054	461,054
Rose building maintenance	118,731	118,731
Wallach endowment	950,000	600,000
General	<u>4,068,300</u>	<u>4,068,300</u>
Total net assets with perpetual donor restrictions	<u>\$ 22,705,422</u>	<u>\$ 22,308,580</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 9 – Net assets (continued)**

As of June 30, 2022 and June 30, 2021, there were no restricted or designated funds with deficiencies.

**Note 10 – Tax status**

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Society has been classified by the Internal Revenue Service as an organization, which is not a private foundation within the meaning of Section 509(a)(1) of the Code. The Society qualifies for the maximum charitable contribution deduction by donors. In certain years, a portion of the Society’s investment return constitutes unrelated business income.

**Independent Auditor’s Report on  
Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based On  
An Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

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**CONDON  
O’MEARA  
MCGINTY &  
DONNELLY LLP**

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Certified Public Accountants

One Battery Park Plaza  
New York, NY 10004-1405  
Tel: (212) 661 - 7777  
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To the Board of Directors of  
The Chamber Music Society of Lincoln Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Chamber Music Society of Lincoln Center, Inc. (the “Society”), which comprise the statements of financial position as of June 30, 2022 and June 30, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Society’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Society’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cordun O'Meara McIntyre & Donnelly LLP

February 28, 2023

**Independent Auditor's Report on  
Compliance for Each Major Program and on  
Internal Control Over Compliance  
Required by the Uniform Guidance**

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**CONDON  
O'MEARA  
MCGINTY &  
DONNELLY LLP**

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Certified Public Accountants

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New York, NY 10004-1405  
Tel: (212) 661 - 7777  
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To the Board of Directors of  
The Chamber Music Society of Lincoln Center, Inc.

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited The Chamber Music Society of Lincoln Center, Inc. (the "Society")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Society's major federal programs for the year ended June 30, 2022. The Society's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Society complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Society's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Society's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Society's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Society's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Conrad O'Meara McIntyre & Donnelly LLP



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022**

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Award Number</u>	<u>Total Expenditures</u>
National Endowment for the Humanities	45.024	YECRC71FRSL1	\$ 45,000
U.S. Small Business Administration- COVID-19 Shuttered Venue Operators Program	59.075	SBAAHQ2150006574	<u>1,217,067</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 1,262,067</u></b>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022****1. Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the activities in all the Federal programs of the Society and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**2. Indirect cost rate**

The Society has not elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	UNMODIFIED		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	
Type of auditor’s report issued on compliance for major programs:	UNMODIFIED		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

Identification of major program:

<u>A.L. Number</u>	<u>Program Name</u>
59.075	COVID-19 – Shuttered Venue Operators Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  No

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**Section II – Financial statement findings**

There were no findings for the current year.

**Section III – Federal award findings and Questioned Costs**

There were no findings or questioned costs for the current year.