

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

**Financial Statements
for years ended
June 30, 2023
and
June 30, 2022**

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, 2023 and June 30, 2022 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 referred to above present fairly, in all material respects, the financial position of the Society as of June 30, 2023 and June 30, 2022 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. 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 audits. 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 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, 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.

Condon O'Meara McIntyre & Donnelly LLP

December 11, 2023

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Financial Position

Assets

	June 30	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 3,563,059	\$ 4,922,012
Contributions receivable	1,340,398	2,415,119
Prepaid expenses and other current assets	<u>561,385</u>	<u>469,655</u>
Total current assets	5,464,842	7,806,786
Contributions receivable, net	325,433	1,376,511
Property and equipment, net of accumulated depreciation and amortization	4,809,520	4,881,316
Investments, at fair value	<u>67,830,080</u>	<u>59,040,656</u>
Total assets	<u>\$ 78,429,875</u>	<u>\$ 73,105,269</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable, taxes payable and accrued expenses	\$ 1,483,324	\$ 1,328,281
Advance box office receipts	<u>981,065</u>	<u>892,016</u>
Total liabilities	<u>2,464,389</u>	<u>2,220,297</u>
Net assets		
Without donor restrictions		
Operating	1,180,366	1,147,616
Other	<u>29,796,540</u>	<u>27,184,242</u>
Total without donor restrictions	30,976,906	28,331,858
With donor restrictions	<u>44,988,580</u>	<u>42,553,114</u>
Total net assets	<u>75,965,486</u>	<u>70,884,972</u>
Total liabilities and net assets	<u>\$ 78,429,875</u>	<u>\$ 73,105,269</u>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Activities
Year Ended June 30, 2023
(with Summarized Comparative Information for the year ended June 30, 2022)

	2023			2022		
	Without Donor Restrictions		With Donor	Restrictions		Total
	Operating	Other	Total	Restrictions	Total	Total
Support and revenue						
Contributions	\$ 1,853,796	\$ 165,000	\$ 2,018,796	\$ 338,186	\$ 2,356,982	\$ 10,340,455
Contributions – Campaign for the 50 th	30,000	721,880	751,880	1,880	753,760	498,537
Government grants	167,436	-	167,436	-	167,436	2,591,345
Box office receipts	1,771,399	-	1,771,399	-	1,771,399	1,336,281
Touring	877,781	-	877,781	-	877,781	843,543
Long-term investment return						
designated for current operations	2,533,013	-	2,533,013	-	2,533,013	2,380,700
Long-term investment return in excess						
of spending rate, net	-	2,301,407	2,301,407	3,885,030	6,186,437	(11,520,390)
Other investment return	116,323	-	116,323	-	116,323	68,861
Rent, royalties and miscellaneous	55,417	-	55,417	-	55,417	32,655
Benefits	1,363,603	-	1,363,603	-	1,363,603	1,010,503
Less: direct benefits expenses	(257,959)	-	(257,959)	-	(257,959)	(186,201)
Sub-total	8,510,809	3,188,287	11,699,096	4,225,096	15,924,192	7,396,289
Net assets released from restrictions	1,876,340	(86,710)	1,789,630	(1,789,630)	-	-
Total support and revenue	10,387,149	3,101,577	13,488,726	2,435,466	15,924,192	7,396,289
Expenses						
Program services						
Performances	4,902,778	250,266	5,153,044	-	5,153,044	4,577,290
Touring	961,686	29,161	990,847	-	990,847	1,052,465
Education	1,087,210	19,620	1,106,830	-	1,106,830	596,833
Commissioning new music	31,445	-	31,445	-	31,445	30,204
Recording-production/distribution	842,378	75,887	918,265	-	918,265	1,206,563
Total program services	7,825,497	374,934	8,200,431	-	8,200,431	7,463,355
Supporting activities						
Management and general	1,080,216	30,727	1,110,943	-	1,110,943	935,411
Fundraising	1,448,686	83,618	1,532,304	-	1,532,304	1,456,438
Total supporting activities	2,528,902	114,345	2,643,247	-	2,643,247	2,391,849
Total expenses	10,354,399	489,279	10,843,678	-	10,843,678	9,855,204
Increase (decrease) in net assets	32,750	2,612,298	2,645,048	2,435,466	5,080,514	(2,458,915)
Net assets, beginning of year	1,147,616	27,184,242	28,331,858	42,553,114	70,884,972	73,343,887
Net assets, end of year	\$ 1,180,366	\$ 29,796,540	\$ 30,976,906	\$ 44,988,580	\$ 75,965,486	\$ 70,884,972

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

**Statement of Activities
Year Ended June 30, 2022**

	Without Donor Restrictions		With Donor Restrictions	Total
	Operating	Other	Restrictions	
Support and revenue				
Contributions	\$ 2,354,588	\$ 1,305,850	\$ 6,680,017	\$ 10,340,455
Contributions – Campaign for the 50 th	56,435	-	442,102	498,537
Government grants	2,591,345	-	-	2,591,345
Box office receipts	1,336,281	-	-	1,336,281
Touring	843,543	-	-	843,543
Long-term investment return	740,700	1,640,000	-	2,380,700
designated for current operations				
Long-term investment return in excess	-	(5,626,827)	(5,893,563)	(11,520,390)
of spending rate, net	68,861	-	-	68,861
Other investment return	32,655	-	-	32,655
Rent, royalties and miscellaneous	1,010,503	-	-	1,010,503
Benefits	(186,201)	-	-	(186,201)
Less: direct benefits expenses	8,848,710	(2,680,977)	1,228,556	7,396,289
Sub-total	544,050	796,102	(1,340,152)	-
Net assets released from restrictions	9,392,760	(1,884,875)	(111,596)	7,396,289
Total support and revenue				
Expenses				
Program services				
Performances	4,335,485	241,805	-	4,577,290
Touring	1,024,290	28,175	-	1,052,465
Education	577,876	18,957	-	596,833
Commissioning new music	30,204	-	-	30,204
Recording-production/distribution	1,133,241	73,322	-	1,206,563
Total program services	7,101,096	362,259	-	7,463,355
Supporting activities				
Management and general	905,723	29,688	-	935,411
Fundraising	1,375,647	80,791	-	1,456,438
Total supporting activities	2,281,370	110,479	-	2,391,849
Total expenses	9,382,466	472,738	-	9,855,204
Increase (decrease) in net assets	10,294	(2,357,613)	(111,596)	(2,458,915)
Net assets, beginning of year	1,137,322	29,541,855	42,664,710	73,343,887
Net assets, end of year	\$ 1,147,616	\$ 27,184,242	\$ 42,553,114	\$ 70,884,972

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses
Year Ended June 30, 2023
(with Summarized Comparative Information for year ended June 30, 2022)

	2023										2022
	Program Services					Supporting Activities					
	Performances	Touring	Education	Commissioning New Music	Recording-Production/Distribution	Total	Management and General	Fund-Raising	Total	Total	Total
Salaries and benefits	\$1,442,537	\$ 188,247	\$ 747,080	\$ -	\$ 404,923	\$2,782,787	\$ 402,330	\$1,136,991	\$1,539,321	\$ 4,322,108	\$3,873,313
Artists' fees	697,885	596,100	142,765	31,445	-	1,468,195	-	42,157	42,157	1,510,352	1,390,479
Travel	152,792	133,233	11,950	-	-	297,975	6,238	8,566	14,804	312,779	267,524
Marketing and promotion	721,525	13,592	638	-	5,405	741,160	-	-	-	741,160	589,430
Credit card fees	-	-	-	-	-	-	80,201	-	80,201	80,201	72,991
Hall rental and labor	1,166,863	-	127,866	-	22,750	1,317,479	-	73,762	73,762	1,391,241	1,117,118
Music purchase and rental	1,589	256	95	-	-	1,940	-	-	-	1,940	3,087
Programs, brochures and inserts	126,667	6,622	13,474	-	-	146,763	-	39,657	39,657	186,420	85,455
Professional fees	97,156	5,036	19,331	-	368,365	489,888	210,027	8,800	218,827	708,715	974,796
Dues, conferences, subscriptions	-	-	1,733	-	-	1,733	36,867	-	36,867	38,600	32,916
Catering and hospitality	33,777	2,858	11,212	-	147	47,994	29,920	370,805	400,725	448,719	398,025
Insurance	-	2,700	-	-	-	2,700	75,304	-	75,304	78,004	55,343
Messengers, postage, mailing	31,615	67	3,193	-	-	34,875	139	3,089	3,228	38,103	30,165
Software	-	-	-	-	-	-	87,720	-	87,720	87,720	96,405
Telephone	-	-	-	-	-	-	4,912	-	4,912	4,912	1,361
Furniture, equipment and maintenance	49,832	-	-	-	17,544	67,376	25,498	-	25,498	92,874	77,016
Depreciation and amortization	250,266	29,161	19,620	-	75,887	374,934	30,727	83,618	114,345	489,279	472,738
Rose Studio maintenance	271,313	-	-	-	-	271,313	-	-	-	271,313	241,036
Tuning and other production	100,535	9,455	7,093	-	16,876	133,959	-	100	100	134,059	174,564
CDs, materials, and reference	1,718	-	208	-	310	2,236	10,598	16,541	27,139	29,375	33,251
Office supplies and miscellaneous	6,974	3,520	572	-	6,058	17,124	110,462	6,177	116,639	133,763	54,392
Total expenses by function	5,153,044	990,847	1,106,830	31,445	918,265	8,200,431	1,110,943	1,790,263	2,901,206	11,101,637	10,041,405
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	-	257,959	257,959	257,959	186,201
Total	\$5,153,044	\$ 990,847	\$1,106,830	\$ 31,445	\$ 918,265	\$8,200,431	\$1,110,943	\$1,532,304	\$2,643,247	\$10,843,678	\$9,855,204

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses
Year Ended June 30, 2022

	Program Services				Supporting Activities		
	Performances	Touring	Education	Commissioning New Music	Recording- Production/ Distribution	Management and General	Fund-Raising
Salaries and benefits	\$1,378,365	\$ 214,503	\$ 456,414	\$ -	\$ 402,464	\$ 341,939	\$1,079,628
Artists' fees	559,847	670,432	80,850	30,204	-	-	49,146
Travel	133,474	115,252	5,010	-	-	8,373	5,415
Marketing and promotion	587,680	1,750	-	-	-	-	-
Credit card fees	-	-	-	-	-	72,991	-
Hall rental and labor	1,051,308	-	21,587	-	20,251	-	23,972
Music purchase and rental	1,764	508	815	-	-	-	-
Programs, brochures and inserts	75,087	-	3,875	-	-	-	6,493
Professional fees	84,991	600	1,200	-	657,465	214,490	16,050
Dues, conferences, subscriptions	-	-	1,916	-	-	31,000	-
Catering and hospitality	12,905	11,860	2,891	-	-	17,915	352,454
Insurance	-	2,661	-	-	-	52,682	-
Messengers, postage, mailing	25,867	-	-	-	-	521	3,777
Software	-	-	-	-	-	96,405	-
Telephone	-	-	-	-	-	1,361	-
Furniture, equipment and maintenance	44,884	-	-	-	-	13,341	-
Depreciation and amortization	241,805	28,175	18,957	-	18,791	29,688	80,791
Rose Studio maintenance	241,036	-	-	-	73,322	-	-
Tuning and other production	134,070	4,244	2,386	-	-	-	-
CDs, materials, and reference	1,182	-	910	-	33,864	-	-
Office supplies and miscellaneous	3,025	2,480	22	-	-	10,500	20,659
Total expenses by function	4,577,290	1,052,465	596,833	30,204	1,206,563	935,411	1,642,639
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	186,201
Total	\$4,577,290	\$1,052,465	\$ 596,833	\$ 30,204	\$1,206,563	\$ 935,411	\$1,456,438
					\$7,463,355	\$ 935,411	\$2,391,849
							\$ 9,855,204

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Cash Flows

	Years Ended	
	June 30	
	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 5,080,514	\$ (2,458,915)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	489,279	472,738
Perpetually restricted contributions	-	(396,842)
Donated investment securities	(328,533)	(368,190)
Proceeds from sale of donated investment securities	328,533	368,190
Net realized and unrealized (gain) loss on long-term investments	(8,057,040)	10,222,764
Forgiveness of loans payable	-	(1,157,145)
(Increase) decrease in assets		
Contributions receivable	2,125,799	639,463
Prepaid expenses and other current assets	(91,730)	(224,961)
Increase in liabilities		
Accounts payable, taxes payable and accrued expenses	155,043	758,025
Advance box office receipts	89,049	178,278
Net cash provided by (used in) operating activities	<u>(209,086)</u>	<u>8,033,405</u>
Cash flows from investing activities		
Proceeds from sale of investments	6,821,155	499,962
Purchase of investments	(7,553,539)	(8,702,019)
Purchases of property and equipment	<u>(417,483)</u>	<u>(307,525)</u>
Net cash (used in) investing activities	<u>(1,149,867)</u>	<u>(8,509,582)</u>
Cash flows provided by financing activities		
Perpetually restricted contributions	<u>-</u>	<u>396,842</u>
Net (decrease) in cash and cash equivalents	(1,358,953)	(79,335)
Cash and cash equivalents, beginning of year	<u>4,922,012</u>	<u>5,001,347</u>
Cash and cash equivalents, end of year	<u>\$ 3,563,059</u>	<u>\$ 4,922,012</u>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements June 30, 2023 and June 30, 2022

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 30th, 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

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 net assets 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, 2023 and June 30, 2022****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Contributions (continued)

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

Revenue recognition

Revenue from box office receipts, touring and benefits (special events) is recognized when the show or related event occurs and no further performance obligation exists.

Box office receipts received in advance of the events are recorded as unearned revenue on the statement of financial position.

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 statement 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, 2023 and June 30, 2022****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 \$619,913 and \$498,180 in the 2023 and 2022 fiscal years, respectively.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**Notes to Financial Statements (continued)****June 30, 2023 and June 30, 2022****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 statement of financial position at June 30, 2023. 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 18, 2023, 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, 2023 and June 30, 2022

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, 2023 and June 30, 2022 that are available for general use within one year of the statements of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,563,059	\$ 4,922,012
Contributions receivable, current portion	1,340,398	2,415,119
Investments, at fair value	<u>67,830,080</u>	<u>59,040,656</u>
Sub-total	72,733,537	66,377,787
Less: Net assets with perpetual donor restrictions	<u>(22,705,422)</u>	<u>(22,705,422)</u>
Total	<u>\$ 50,028,115</u>	<u>\$ 43,672,365</u>

Note 3 – Contributions receivable

Contributions receivable as of June 30, 2023 and June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 2,415,119
2024	1,340,398	1,159,000
2025	293,000	246,000
2026	<u>50,000</u>	<u>50,000</u>
Sub-total	1,683,398	3,870,119
Less: amount to reduce contributions receivable to their present value (discount rate – 3.25%)	<u>(17,567)</u>	<u>(78,489)</u>
Total	<u>\$ 1,665,831</u>	<u>\$ 3,791,630</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

Note 4 – Investments, at fair value

Investments as of June 30, 2023 and June 30, 2022 consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$13,434,117	\$13,434,117	\$ 6,654,010	\$ 6,654,010
Mutual funds	14,563,562	14,850,614	21,698,272	19,255,058
Investments in limited partnerships and other*				
U.S. equities**	300,000	18,754,817	300,000	15,336,459
International equities**	7,643,324	20,447,886	7,797,714	17,401,289
Private equity and other**	<u>340,930</u>	<u>342,646</u>	<u>345,007</u>	<u>393,840</u>
Total long-term investments	<u>\$36,281,933</u>	<u>\$67,830,080</u>	<u>\$36,795,003</u>	<u>\$59,040,656</u>

* 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, 2023 and June 30, 2022

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, 2023 and June 30, 2022:

<u>Description</u>	<u>2023</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 13,434,117	\$ 13,434,117	\$ -	\$ -
Mutual funds	14,850,614	14,850,614	-	-
Investments in limited partnerships and other:				
U.S. equities	18,754,817	-	-	18,754,817
Private equity and other	<u>328,674</u>	<u>-</u>	<u>-</u>	<u>328,674</u>
Sub-total of investments	47,368,222	<u>\$ 28,284,731</u>	<u>\$ -</u>	<u>\$ 19,083,491</u>
Investments in limited partnerships and other measured at NAV				
International equities	20,447,886			
Private equity and other	<u>13,972</u>			
Total investments	<u>\$ 67,830,080</u>			
<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>			

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

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, 2023 and June 30, 2022:

Balance, June 30, 2021	\$ 17,513,316
Net realized and unrealized (loss)	<u>(1,825,688)</u>
Balance, June 30, 2022	15,687,628
Net realized and unrealized gain	<u>3,395,863</u>
Balance, June 30, 2023	<u>\$ 19,083,491</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>
U.S. Equities - 1	1 fund with 60 days	N/A	Quarterly
International Equities – 4	1 fund with 10 days	176	Monthly
	3 funds with 90 days	3,606	Monthly
		195	Annually
		262	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, 2023 and June 30, 2022

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, 2023 and June 30, 2022.

Fair value measurements allow 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, 2023 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 852,374	\$ -	\$ 852,374
Royalties from oil/gas leases	48,957	-	48,957
Net realized and unrealized (loss)	<u>4,172,010</u>	<u>3,885,030</u>	<u>8,057,040</u>
Net return on long-term investments	5,073,341	3,885,030	8,958,371
Interest on short-term investments	<u>67,404</u>	<u>-</u>	<u>67,404</u>
Net return on investments	5,140,745	3,885,030	9,025,775
Less: Amounts designated for current operations			
Long-term investment return	(2,533,013)	-	(2,533,013)
Other investment return	(116,361)	-	(116,361)
Investment advisory fees	<u>(189,964)</u>	<u>-</u>	<u>(189,964)</u>
Long-term investment return after deduction of amounts designated for current operations	<u>\$ 2,301,407</u>	<u>\$ 3,885,030</u>	<u>\$ 6,186,437</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

Note 5 – Property and equipment

Property and equipment consisted of the following as of June 30, 2023 and June 30, 2022:

	Useful Life	2023	2022
Land	N/A	\$ 280,647	\$ 280,647
Furniture, pianos and equipment	5-20 years	1,935,868	1,565,470
Rose Building: interior	10-20 years	2,108,472	2,064,188
Rose Building: core and shell	10-40 years	2,910,086	2,907,285
Alice Tully Hall leasehold improvements and other improvements	3-30 years	<u>5,158,177</u>	<u>5,158,177</u>
Sub-total		12,393,250	11,975,767
Less: accumulated depreciation and amortization		<u>7,583,730</u>	<u>7,094,451</u>
Total		<u>\$ 4,809,520</u>	<u>\$ 4,881,316</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 2022 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, 2023, the following is a summary of the annual future commitments:

<u>Fiscal year</u>	<u>Amount</u>
2024	<u>\$3,469,228</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**Notes to Financial Statements (continued)****June 30, 2023 and June 30, 2022****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 year 2023 is still to be determined and conversations are ongoing between the Society and LCPA. In fiscal year 2022, the Society paid \$167,801 for its share of the operating deficit and paid \$137,617 for its share of capital expenditures.

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 as well as its pro-rata share of any capital renewals and renovations. Such costs totaled \$270,173 for operating expenses and \$81,225 for capital expenses in fiscal year 2023; and \$239,977 for operating expenses and \$68,400 for capital expenses in the 2022 fiscal year.

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, 2023 and June 30, 2022****Note 8 – Pension and retirement plans (continued)****Defined contribution plans**

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 2023 and 2022, the Society contributed \$204,202 and \$77,926, 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 increase (decrease) in the net assets of the Operating Fund. The measure of operations includes investment return equal to \$2,533,013 and \$2,380,700 for fiscal 2023 and 2022, respectively, as determined by a spending rate policy of 5.0% and 3.0% in 2023 and 2022 of a 20- and 12-quarter rolling average, respectively, 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, 2023 and June 30, 2022

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, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
General	\$ 25,928,570	\$ 23,200,612
Fund for Re-Opening	2,555,873	2,671,533
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>\$ 29,796,540</u>	<u>\$ 27,184,242</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, 2023 and June 30, 2022

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 50th

On October 19, 2016, the Board of Directors adopted a plan to launch a *Campaign for the 50th* (the “Campaign”) as the Society approached its 50th 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 2023 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, 2023, discounted at the rate of 3.25%, amounts to \$428,816 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 50th. 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 years ended June 30, 2023 and June 30, 2022:

	2023				
	Balance June 30, 2022	Contributions	Investment Return	Net Assets Released from Restrictions	Balance June 30, 2023
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	2,312,973	338,186	-	(953,500)	1,697,659
Stoeger Prize for composers	304,143	-	-	(27,000)	277,143
Campaign for the 50th-time restricted	1,112,162	1,880	-	(526,880)	587,162
Hauser Fund for Media and Technology	5,000,000	-	-	-	5,000,000
Unspent investment return earned on perpetually restricted funds	8,760,376	-	3,885,030	(282,250)	12,363,156
Total temporarily restricted net assets	\$ 19,847,692	\$ 340,066	\$ 3,885,030	\$ (1,789,630)	\$ 22,283,158

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022

Note 9 – Net assets (continued)

	<u>2022</u>				
	<u>Balance June 30, 2021</u>	<u>Contributions</u>	<u>Investment Return</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2022</u>
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	1,283,175	-	(658,200)	2,312,973
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>\$ 6,725,277</u>	<u>\$ (5,893,563)</u>	<u>\$ (1,340,152)</u>	<u>\$ 19,847,692</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, 2023 and June 30, 2022 consisted of the following endowment funds:

	<u>2023</u>	<u>2022</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	5,000,000
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	950,000
General	<u>4,068,300</u>	<u>4,068,300</u>
Total net assets with perpetual donor restrictions	<u>\$ 22,705,422</u>	<u>\$ 22,705,422</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2023 and June 30, 2022****Note 9 – Net assets (continued)**

As of June 30, 2023 and June 30, 2022, 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.