

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

**Financial Statements
for years ended
June 30, 2024
and
June 30, 2023**

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, 2024 and June 30, 2023, 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, 2024 and June 30, 2023, 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.

Cordun O'Meara McIntyre & Donnelly LLP

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Financial Position

Assets

	June 30	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 7,373,063	\$ 3,563,059
Contributions receivable	1,809,308	1,340,398
Prepaid expenses and other current assets	<u>678,820</u>	<u>561,385</u>
Total current assets	9,861,191	5,464,842
Contributions receivable, net	47,658	325,433
Property and equipment, net of accumulated depreciation and amortization	4,767,578	4,809,520
Investments, at fair value	<u>72,070,918</u>	<u>67,830,080</u>
Total assets	<u>\$ 86,747,345</u>	<u>\$ 78,429,875</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable, taxes payable and accrued expenses	\$ 785,879	\$ 1,483,324
Advance box office receipts	<u>1,063,204</u>	<u>981,065</u>
Total liabilities	<u>1,849,083</u>	<u>2,464,389</u>
Net assets		
Without donor restrictions		
Operating	1,205,366	1,180,366
Other	<u>33,277,280</u>	<u>29,796,540</u>
Total without donor restrictions	34,482,646	30,976,906
With donor restrictions	<u>50,415,616</u>	<u>44,988,580</u>
Total net assets	<u>84,898,262</u>	<u>75,965,486</u>
Total liabilities and net assets	<u>\$ 86,747,345</u>	<u>\$ 78,429,875</u>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Activities
Year Ended June 30, 2024
(with Summarized Comparative Information for the year ended June 30, 2023)

	2024			2023	
	Without Donor Restrictions		With Donor Restrictions	Total	Total
	Operating	Other			
Support and revenue					
Contributions	\$ 3,244,067	\$ 475,000	\$ 3,719,067	\$ 5,229,764	\$ 3,110,742
Government grants	103,203	-	103,203	103,203	167,436
Box office receipts	2,071,929	-	2,071,929	2,071,929	1,771,399
Touring	1,091,694	-	1,091,694	1,091,694	877,781
Long-term investment return	2,663,581	-	2,663,581	2,663,581	2,533,013
Long-term investment return in excess of spending rate, net	-	3,543,927	3,543,927	8,523,423	6,186,437
Other investment return	106,679	-	106,679	106,679	116,323
Rent, royalties and miscellaneous	142,815	-	142,815	142,815	55,417
Benefits	949,409	-	949,409	949,409	1,363,603
Less: direct benefits expenses	(212,397)	-	(212,397)	(212,397)	(257,959)
Sub-total	10,160,980	4,018,927	14,179,907	20,670,100	15,924,192
Net assets released from restrictions	1,061,286	1,871	1,063,157	(1,063,157)	-
Total support and revenue	11,222,266	4,020,798	15,243,064	20,670,100	15,924,192
Expenses					
Program services					
Performances	5,113,200	276,155	5,389,355	5,389,355	5,153,044
Touring	1,620,797	32,178	1,652,975	1,652,975	990,847
Education	961,017	21,560	982,577	982,577	1,106,830
Commissioning new music	43,899	-	43,899	43,899	31,445
Recording-production/distribution	788,499	83,737	872,236	872,236	918,265
Total program services	8,527,412	413,630	8,941,042	8,941,042	8,200,431
Supporting activities					
Management and general	1,052,700	34,160	1,086,860	1,086,860	1,110,943
Fundraising	1,617,154	92,268	1,709,422	1,709,422	1,532,304
Total supporting activities	2,669,854	126,428	2,796,282	2,796,282	2,643,247
Total expenses	11,197,266	540,058	11,737,324	11,737,324	10,843,678
Increase in net assets	25,000	3,480,740	3,505,740	8,932,776	5,080,514
Net assets, beginning of year	1,180,366	29,796,540	30,976,906	44,988,580	70,884,972
Net assets, end of year	\$ 1,205,366	\$ 33,277,280	\$ 34,482,646	\$ 50,415,616	\$ 75,965,486

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

**Statement of Activities
Year Ended June 30, 2023**

	Without Donor Restrictions		With Donor Restrictions	Total
	Operating	Other		
Support and revenue				
Contributions	\$ 1,883,796	\$ 886,880	\$ 340,066	\$ 3,110,742
Government grants	167,436	-	-	167,436
Box office receipts	1,771,399	-	-	1,771,399
Touring	877,781	-	-	877,781
Long-term investment return				
designated for current operations	2,533,013	-	-	2,533,013
Long-term investment return in excess of spending rate, net	-	2,301,407	3,885,030	6,186,437
Other investment return	116,323	-	-	116,323
Rent, royalties and miscellaneous	55,417	-	-	55,417
Benefits	1,363,603	-	-	1,363,603
Less: direct benefits expenses	(257,959)	-	-	(257,959)
Sub-total	8,510,809	3,188,287	4,225,096	15,924,192
Net assets released from restrictions	1,876,340	(86,710)	(1,789,630)	-
Total support and revenue	<u>10,387,149</u>	<u>3,101,577</u>	<u>2,435,466</u>	<u>15,924,192</u>
Expenses				
Program services				
Performances	4,902,778	250,266	-	5,153,044
Touring	961,686	29,161	-	990,847
Education	1,087,210	19,620	-	1,106,830
Commissioning new music	31,445	-	-	31,445
Recording-production/distribution	842,378	75,887	-	918,265
Total program services	<u>7,825,497</u>	<u>374,934</u>	<u>-</u>	<u>8,200,431</u>
Supporting activities				
Management and general	1,080,216	30,727	-	1,110,943
Fundraising	1,448,686	83,618	-	1,532,304
Total supporting activities	<u>2,528,902</u>	<u>114,345</u>	<u>-</u>	<u>2,643,247</u>
Total expenses	<u>10,354,399</u>	<u>489,279</u>	<u>-</u>	<u>10,843,678</u>
Increase in net assets	32,750	2,612,298	2,435,466	5,080,514
Net assets, beginning of year	1,147,616	27,184,242	42,553,114	70,884,972
Net assets, end of year	\$ 1,180,366	\$ 29,796,540	\$ 44,988,580	\$ 75,965,486

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses
Year Ended June 30, 2024
(with Summarized Comparative Information for the year ended June 30, 2023)

	2024						2023					
	Program Services			Supporting Activities								
	Performances	Touring	Education	Commissioning New Music	Recording-Production/ Distribution	Total	Management and General	Fund-Raising	Total	Total	Total	Total
Salaries and benefits	\$1,639,921	\$ 502,196	\$ 621,915	\$ -	\$ 384,065	\$3,148,097	\$ 439,692	\$1,264,784	\$1,704,476	\$ 4,852,573	\$ 4,322,108	
Artists' fees	724,449	802,980	144,493	43,899	-	1,715,821	-	24,260	24,260	1,740,081	1,510,352	
Travel	186,857	188,430	9,428	-	-	384,715	9,305	11,142	20,447	405,162	312,779	
Marketing and promotion	731,138	38,568	3,250	-	-	772,956	-	-	-	772,956	741,160	
Credit card fees	-	-	-	-	-	-	80,726	-	80,726	80,726	80,201	
Hall rental and labor	1,085,203	2,850	127,684	-	24,700	1,240,437	-	77,245	77,245	1,317,682	1,391,241	
Music purchase and rental	6,709	913	102	-	-	7,724	-	-	-	7,724	1,940	
Programs, brochures and inserts	135,413	9,250	3,897	-	-	148,560	-	23,566	23,566	172,126	186,420	
Professional fees	117,176	37,347	14,350	-	334,002	502,875	177,053	3,880	180,933	683,808	708,715	
Dues, conferences, subscriptions	-	-	3,917	-	-	3,917	35,819	-	35,819	39,736	38,600	
Catering and hospitality	34,574	7,693	10,978	-	-	53,245	16,974	392,981	409,955	463,200	448,719	
Insurance	-	2,700	-	-	-	2,700	92,423	-	92,423	95,123	78,004	
Messengers, postage, mailing	48,827	1,964	-	-	-	50,791	154	9,783	9,937	60,728	38,103	
Software	-	-	-	-	-	-	121,223	-	121,223	121,223	87,720	
Telephone	-	-	-	-	-	-	12,483	-	12,483	12,483	4,912	
Furniture, equipment and maintenance	53,582	-	-	-	16,020	69,602	19,125	-	19,125	88,727	92,874	
Depreciation and amortization	276,155	32,178	21,560	-	83,737	413,630	34,160	92,268	126,428	540,058	489,279	
Rose Studio maintenance	252,802	-	-	-	-	252,802	-	-	-	252,802	271,313	
Tuning and other production	93,592	24,723	18,833	-	25,038	162,186	-	-	-	162,186	134,059	
CDs, materials, and reference	1,562	-	2,170	-	-	3,732	10,036	16,117	26,153	29,885	29,375	
Office supplies and miscellaneous	1,395	1,183	-	-	4,674	7,252	37,687	5,793	43,480	50,732	133,763	
Total expenses by function	5,389,355	1,652,975	982,577	43,899	872,236	8,941,042	1,086,860	1,921,819	3,008,679	11,949,721	11,101,637	
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	-	212,397	212,397	-	257,959	
Total	\$5,389,355	\$1,652,975	\$ 982,577	\$ 43,899	\$ 872,236	\$8,941,042	\$1,086,860	\$1,709,422	\$2,796,282	\$11,737,324	\$10,843,678	

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Activities			
	Performances	Touring	Education	Recording-		Management and General	Fund-Raising	Total
				Commissioning New Music	Production/Distribution			
Salaries and benefits	\$1,442,537	\$ 188,247	\$ 747,080	\$ -	\$ 404,923	\$ 402,330	\$1,136,991	\$1,539,321
Artists' fees	697,885	596,100	142,765	31,445	-	-	42,157	42,157
Travel	152,792	133,233	11,950	-	-	6,238	8,566	14,804
Marketing and promotion	721,525	13,592	638	-	5,405	-	-	-
Credit card fees	-	-	-	-	-	80,201	-	80,201
Hall rental and labor	1,166,863	-	127,866	-	22,750	-	73,762	73,762
Music purchase and rental	1,589	256	95	-	-	-	-	-
Programs, brochures and inserts	126,667	6,622	13,474	-	-	-	39,657	39,657
Professional fees	97,156	5,036	19,331	-	368,365	210,027	8,800	218,827
Dues, conferences, subscriptions	-	-	1,733	-	-	36,867	-	36,867
Catering and hospitality	33,777	2,858	11,212	-	147	29,920	370,805	400,725
Insurance	-	2,700	-	-	-	75,304	-	75,304
Messengers, postage, mailing	31,615	67	3,193	-	-	139	3,089	3,228
Software	-	-	-	-	-	87,720	-	87,720
Telephone	-	-	-	-	-	4,912	-	4,912
Furniture, equipment and maintenance	49,832	-	-	-	17,544	25,498	-	25,498
Depreciation and amortization	250,266	29,161	19,620	-	75,887	30,727	83,618	114,345
Rose Studio maintenance	271,313	-	-	-	-	-	-	-
Tuning and other production	100,535	9,455	7,093	-	16,876	-	100	100
CDs, materials, and reference	1,718	-	208	-	310	10,598	16,541	27,139
Office supplies and miscellaneous	6,974	3,520	572	-	6,058	110,462	6,177	116,639
Total expenses by function	5,153,044	990,847	1,106,830	31,445	918,265	1,110,943	1,790,263	2,901,206
Less: direct benefits expenses net with revenue on the statement of activities	-	-	-	-	-	-	257,959	257,959
Total	\$5,153,044	\$ 990,847	\$1,106,830	\$ 31,445	\$ 918,265	\$1,110,943	\$1,532,304	\$2,643,247
								\$10,843,678

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Cash Flows

	Years Ended	
	June 30	
	2024	2023
Cash flows from operating activities		
Increase in net assets	\$ 8,932,776	\$ 5,080,514
Adjustments to reconcile increase in net activities		
net assets to net cash (used in) operating activities		
Depreciation and amortization	540,058	489,279
Donated investment securities	(3,630)	(328,533)
Proceeds from sale of donated investment securities	3,630	328,533
Net realized and unrealized (gain) on long-term investments	(10,798,654)	(8,057,040)
(Increase) decrease in assets		
Contributions receivable	(191,135)	2,125,799
Prepaid expenses and other current assets	(117,435)	(91,730)
Increase (decrease) in liabilities		
Accounts payable, taxes payable and accrued expenses	(697,445)	155,043
Advance box office receipts	82,139	89,049
Net cash (used in) operating activities	<u>(2,249,696)</u>	<u>(209,086)</u>
Cash flows from investing activities		
Proceeds from sale of investments	33,784,516	6,821,155
Purchase of investments	(27,226,700)	(7,553,539)
Purchases of property and equipment	<u>(498,116)</u>	<u>(417,483)</u>
Net cash provided by (used in) investing activities	<u>6,059,700</u>	<u>(1,149,867)</u>
Net increase (decrease) in cash and cash equivalents	3,810,004	(1,358,953)
Cash and cash equivalents, beginning of year	<u>3,563,059</u>	<u>4,922,012</u>
Cash and cash equivalents, end of year	<u>\$ 7,373,063</u>	<u>\$ 3,563,059</u>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements June 30, 2024 and June 30, 2023

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, 2024 and June 30, 2023****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 deferred and recorded as advance box office receipts on the statements 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 accompanying 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 investments

Investments are reported at fair value. Unrealized gains and losses are determined using quoted market prices or net asset value 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, 2024 and June 30, 2023****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 \$574,222 and \$619,913 in the 2024 and 2023 fiscal years, respectively.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****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, 2024. 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 4, 2024, 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, 2024 and June 30, 2023

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, 2024 and June 30, 2023 that are available for general use within one year of the statements of financial position date:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,373,063	\$ 3,563,059
Contributions receivable, current portion	1,809,308	1,340,398
Investments, at fair value	<u>72,070,918</u>	<u>67,830,080</u>
Sub-total	81,253,289	72,733,537
Less: Net assets with perpetual donor restrictions	<u>(22,705,422)</u>	<u>(22,705,422)</u>
Total	<u>\$ 58,547,867</u>	<u>\$ 50,028,115</u>

Note 3 – Contributions receivable

Contributions receivable as of June 30, 2024 and June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 1,340,398
2025	1,809,308	293,000
2026	<u>50,000</u>	<u>50,000</u>
Sub-total	1,859,308	1,683,398
Less: amount to reduce contributions receivable to their present value (discount rate – 3.25%)	<u>(2,342)</u>	<u>(17,567)</u>
Total	1,856,966	1,665,831
Less: current portion	<u>1,809,308</u>	<u>1,340,398</u>
Long-term portion	<u>\$ 47,658</u>	<u>\$ 325,433</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 4 – Investments, at fair value

Investments as of June 30, 2024 and June 30, 2023 consist of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 991,791	\$ 991,791	\$13,434,117	\$13,434,117
Mutual funds	17,349,734	19,143,989	14,563,562	14,850,614
Investments in limited partnerships and other*				
U.S. equities**	300,000	23,791,596	300,000	18,754,817
International equities**	13,797,714	27,836,757	7,643,324	20,447,886
Private equity and other**	<u>271,076</u>	<u>306,785</u>	<u>340,930</u>	<u>342,646</u>
Total investments	<u>\$32,710,315</u>	<u>\$72,070,918</u>	<u>\$36,281,933</u>	<u>\$67,830,080</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 following table presents the Society's investment assets that are measured at fair value on a recurring basis at June 30, 2024 and June 30, 2023:

	<u>2024</u>			
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 991,791	\$ 991,791	\$ -	\$ -
Mutual funds	19,143,989	19,143,989	-	-
Investments in limited partnerships and other:				
U.S. equities	23,791,596	-	-	23,791,596
Private equity and other	<u>306,785</u>	<u>-</u>	<u>-</u>	<u>306,785</u>
Sub-total of investments	44,234,161	<u>\$ 20,135,780</u>	<u>\$ -</u>	<u>\$ 24,098,381</u>
Investments in limited partnerships and other measured at NAV				
International equities	<u>27,836,757</u>			
Total investments	<u>\$ 72,070,918</u>			

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 4 – Investments, at fair value (continued)

<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>			

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>Investment Focus of Limited Partnerships and Other</u>	<u>Notice</u>	<u>Redemption Frequency</u>
U.S. Equities	1 fund with 60 days	Quarterly
U.S. Fixed Hedge	1 fund with 45 days	Quarterly
	1 fund with 45 days	Quarterly
International Fixed Income	1 fund with 30 days	Monthly
International Equities	1 fund with 10 days	Monthly
	3 funds with 90 days	Monthly
		Annually
		Annually
	1 fund with 3 days	Daily
Private Equity and other	Capital is returned by each partnership over its contractual life.	

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, 2024 and June 30, 2023.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 4 – Investments, at fair value (continued)

Level 3 valuation techniques (continued)

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

Investment return and its classification in the statements of activities for the year ended June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 823,159	\$ -	\$ 823,159
Royalties from oil/gas leases	55,860	-	55,860
Net realized and unrealized gain	<u>5,819,158</u>	<u>4,979,496</u>	<u>10,798,654</u>
Net return on investments	6,698,177	4,979,496	11,677,673
Less: Amounts designated for current operations			
Long-term investment return	(2,663,581)	-	(2,663,581)
Other investment return	(106,679)	-	(106,679)
Investment advisory fees	<u>(383,990)</u>	<u>-</u>	<u>(383,990)</u>
Long-term investment return after deduction of amounts designated for current operations	<u>\$ 3,543,927</u>	<u>\$ 4,979,496</u>	<u>\$ 8,523,423</u>

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023

Note 5 – Property and equipment

Property and equipment consisted of the following as of June 30, 2024 and June 30, 2023:

	Useful Life	2024	2023
Land	N/A	\$ 280,647	\$ 280,647
Furniture, pianos and equipment	5-20 years	2,230,576	1,935,868
Rose Building: interior	10-20 years	2,190,682	2,108,472
Rose Building: core and shell	10-40 years	2,920,110	2,910,086
Alice Tully Hall leasehold improvements and other improvements	3-30 years	<u>5,269,351</u>	<u>5,158,177</u>
Sub-total		12,891,366	12,393,250
Less: accumulated depreciation and amortization		<u>8,123,788</u>	<u>7,583,730</u>
Total		<u>\$ 4,767,578</u>	<u>\$ 4,809,520</u>

Note 6 – Commitments

The Society has entered into various commitments for compositions, hall rentals, and artists' contracts. As of June 30, 2024, the following is a summary of the annual future commitments:

<u>Fiscal year</u>	<u>Amount</u>
2025	\$ 3,598,743
2026	522,230
2027	<u>542,230</u>
Total	<u>\$ 4,663,203</u>

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 agreement, 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. In June 2024, both parties agreed to a one-time accommodation whereby the Society would pay LCPA a flat rate annual contribution of \$200,000 for operating expenses beginning in fiscal 2024 and increasing annually to \$225,102 in fiscal 2028. The Society will also pay a flat rate annual amount of 10% of the capital expenditures for Alice Tully Hall from fiscal 2024 to 2028. After fiscal 2028, both parties would revert back to the terms of May 2009 agreement. The Society's share of the operating deficit for fiscal years 2024 and 2023, was \$200,000 and \$329,999, respectively, and \$49,637 and \$44,284, respectively, for its share of capital expenditures.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

Note 6 – Commitments (continued)

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 \$252,803 for operating expenses and \$10,023 for capital expenses in fiscal year 2024; and \$270,173 for operating expenses and \$81,225 for capital expenses in the 2023 fiscal year.

Note 7 – 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 for the participation in 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 Society’s 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.

During May 2024, the Society adopted a hard freeze for the accrual of benefits for participants after June 30, 2024. This change did not affect the pension benefit accruing to vested employees through and including June 30, 2024. Current employees hired prior to June 30, 2017 shall be eligible to receive employer contributions under the Society’s 403(b) plan beginning July 1, 2024 at the contribution rate then in place for Society employees hired after June 30, 2017, and subject to the same vesting schedule as all other eligible employees.

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. Effective July 1, 2024, employees hired prior to June 30, 2017 can be eligible to participate, provided they meet other eligibility requirements as defined by the 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.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 7 – Pension and retirement plans (continued)****Defined contribution plans (continued)**

For fiscal years 2024 and 2023, the Society contributed \$243,797 and \$204,202, respectively, to the plans.

Note 8 – 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.

The Society's investment policy sets forth an investment objective of maximizing return on its investment assets over the long term, while prudently diversifying assets and managing risk, in order to provide a long-term rate of return sufficient to provide material support for the Society's operations and, if practicable, increase over time the rate of support for such operations after inflation. The investment policy also provides a spending policy process, permissible asset classes and allocation ranges for those classes and lays out responsibilities for the Board's Finance Committee and any investment consultant utilized by the Finance Committee.

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 \$2,663,581 and \$2,533,013 for fiscal 2024 and 2023, respectively, as determined by a spending rate of 5.0% in 2024 and 2023 of a 20-quarter rolling average of the fair value of the donor time-restricted investment assets on an overall basis and an approximately similar spending rate of non donor time-restricted investment assets. The measure of operations excludes investment return in excess of that amount, bequests in excess of \$25,000 unless approved otherwise by the Board, 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, 2024 and June 30, 2023

Note 8 – Net assets (continued)

Net assets without donor restrictions – Board-designated

The following is a summary of the Board-designated net assets without donor restrictions as of June 30, 2024 and June 30, 2023:

	<u>2024</u>	<u>2023</u>
General	\$ 29,461,923	\$ 25,928,570
Fund for the Future	2,555,873	2,555,873
Fund for Innovation and Growth	459,484	512,097
Alice Tully Fund	400,000	400,000
Whitaker Fund	<u>400,000</u>	<u>400,000</u>
Total	<u>\$ 33,277,280</u>	<u>\$ 29,796,540</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 the Future

In order to provide funding for the Society in the wake of the closure during the COVID-19 pandemic, as well as to support capacity building in alignment with the Society’s strategic plan adopted in 2023, the Society’s Board approved establishing a “Fund for The Future” with funds initially 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, 2024 and June 30, 2023

Note 8 – 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.

Net assets with temporary donor restrictions

The following is a summary of the net assets with temporary donor restrictions as of and for the years ended June 30, 2024 and June 30, 2023:

	2024				
	Balance June 30, 2023	Contributions	Investment Return	Net Assets Released from Restrictions	Balance June 30, 2024
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	1,697,659	1,510,697	-	(1,063,157)	2,145,199
Stoeger Prize for composers	277,143	-	-	-	277,143
Campaign for the 50th-time restricted	587,162	-	-	-	587,162
Hauser Fund for Media and Technology	5,000,000	-	-	-	5,000,000
Unappropriated investment return earned on perpetually restricted funds	12,363,156	-	4,979,496	-	17,342,652
Total temporarily restricted net assets	\$ 22,283,158	\$ 1,510,697	\$ 4,979,496	\$ (1,063,157)	\$ 27,710,194
	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
Unappropriated 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, 2024 and June 30, 2023

Note 8 – Net assets (continued)

Net assets with temporary donor restrictions (continued)

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.

Net assets with perpetual donor restrictions

Net assets with perpetual donor restrictions as of June 30, 2024 and June 30, 2023 consisted of the following endowment funds:

	<u>2024</u>	<u>2023</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 for young artists	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 for musician compensation	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>

Note 9 – 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.