

NEW YORK CITY BALLET, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 and 2023

# NEW YORK CITY BALLET, INC.

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors of  
New York City Ballet, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the New York City Ballet, Inc. ("City Ballet"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for each of 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 New York City Ballet, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for each of 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 ("GAAS") and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Ballet 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***

City Ballet's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 City Ballet's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Ballet'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 City Ballet'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.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
December 11, 2024



# NEW YORK CITY BALLET, INC.

## Statements of Financial Position

(amounts in thousands)

	June 30,	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,288	\$ 13,023
Pledges receivable, net (see Note B)	6,400	5,620
Accounts receivable	685	799
Endowment investments (see Note C)	245,512	228,249
Other investments (see Note C)	10,092	6,580
Inventory	756	816
Deferred production costs	1,364	1,583
Leasehold improvements and other property and equipment, net (see Note G)	54,769	58,391
Right-of-use assets (see Note Q)	1,344	1,625
Total assets	<u>\$ 329,210</u>	<u>\$ 316,686</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,589	\$ 10,023
Advance ticket sales and tour fees (see Note H)	6,305	5,460
Postemployment and other liabilities	6,938	7,209
Lease liability (see Note Q)	1,367	1,638
Total liabilities	<u>23,199</u>	<u>24,330</u>
Commitments and contingencies (see Notes C, Q and R)		
Net assets:		
Without donor restrictions (see Note E)	<u>96,845</u>	<u>93,326</u>
With donor restrictions:		
Time and purpose restrictions (see Note F)	70,722	60,341
Perpetual in nature (see Note D)	138,444	138,689
Total net assets with donor restrictions	<u>209,166</u>	<u>199,030</u>
Total net assets	<u>306,011</u>	<u>292,356</u>
	<u>\$ 329,210</u>	<u>\$ 316,686</u>

See notes to financial statements.

# NEW YORK CITY BALLET, INC.

## Statement of Activities

Year Ended June 30, 2024

(with summarized financial information for 2023)

(amounts in thousands)

	Year Ended June 30,					
	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total	
	General Operating	Other	Total		2024	2023
<b>Operating revenues:</b>						
Performance ticket sales and tour fees	\$ 43,725	\$ -	\$ 43,725	\$ -	\$ 43,725	\$ 40,815
Investment earnings per spending policy	11,411	-	11,411	-	11,411	9,188
Investment earnings in excess of spending policy in endowment	-	3,639	3,639	12,418	16,057	9,927
Investment income other than endowment	-	606	606	-	606	84
Rental and other revenues	11,037	-	11,037	-	11,037	9,267
<b>Total operating revenues</b>	<b>66,173</b>	<b>4,245</b>	<b>70,418</b>	<b>12,418</b>	<b>82,836</b>	<b>69,281</b>
<b>Operating expenses:</b>						
Program services:						
Ballet production	57,228	91	57,319	-	57,319	51,818
Facility management	19,842	12,823	32,665	-	32,665	31,779
Production management	6,558	-	6,558	-	6,558	5,658
<b>Total program services</b>	<b>83,628</b>	<b>12,914</b>	<b>96,542</b>	<b>-</b>	<b>96,542</b>	<b>89,255</b>
Supporting services:						
Administration	9,189	16	9,205	-	9,205	8,977
Public support	5,691	-	5,691	-	5,691	4,646
<b>Total supporting services</b>	<b>14,880</b>	<b>16</b>	<b>14,896</b>	<b>-</b>	<b>14,896</b>	<b>13,623</b>
<b>Total operating expenses</b>	<b>98,508</b>	<b>12,930</b>	<b>111,438</b>	<b>-</b>	<b>111,438</b>	<b>102,878</b>
Change in net assets from operations before public support and non-operating activities	(32,335)	(8,685)	(41,020)	12,418	(28,602)	(33,597)
<b>Public support:</b>						
Appropriation from the City of New York	2,555	-	2,555	6	2,561	2,729
Other public support, net	23,882	414	24,296	5,363	29,659	26,850
Contributions of nonfinancial assets	457	8,771	9,228	-	9,228	9,269
Utilization of net assets with donor restrictions	7,403	-	7,403	(7,403)	-	-
<b>Total public support</b>	<b>34,297</b>	<b>9,185</b>	<b>43,482</b>	<b>(2,034)</b>	<b>41,448</b>	<b>38,848</b>
Change in net assets before capital renewal and replacement and non-operating activities	1,962	500	2,462	10,384	12,846	5,251
Capital renewal and replacement (board-designated funds reclass)	(1,900)	1,900	-	-	-	-
Change in net assets before non-operating activities	62	2,400	2,462	10,384	12,846	5,251
Non-operating activities:						
Bad debt expense - non-operating	-	-	-	(248)	(248)	-
Pension and postemployment benefits adjustments	1,057	-	1,057	-	1,057	1,416
<b>Change in net assets</b>	<b>1,119</b>	<b>2,400</b>	<b>3,519</b>	<b>10,136</b>	<b>13,655</b>	<b>6,667</b>
Net assets, beginning of year	(12,113)	105,439	93,326	199,030	292,356	285,689
<b>Net assets, end of year</b>	<b>\$ (10,994)</b>	<b>\$ 107,839</b>	<b>\$ 96,845</b>	<b>\$ 209,166</b>	<b>\$ 306,011</b>	<b>\$ 292,356</b>

See notes to financial statements.

# NEW YORK CITY BALLET, INC.

## Statement of Activities Year Ended June 30, 2023 (amounts in thousands)

	Year Ended June 30,				
	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total
	General Operating	Other	Total		2023
<b>Operating revenues:</b>					
Performance ticket sales and tour fees	\$ 40,815	\$ -	\$ 40,815	\$ -	\$ 40,815
Investment earnings per spending policy	9,188	-	9,188	-	9,188
Investment deficit in excess of spending policy in endowment	-	2,126	2,126	7,801	9,927
Investment losses other than endowment	-	84	84	-	84
Rental and other revenues	9,267	-	9,267	-	9,267
Total operating revenues	59,270	2,210	61,480	7,801	69,281
<b>Operating expenses:</b>					
Program services:					
Ballet production	51,635	183	51,818	-	51,818
Facility management	18,767	13,012	31,779	-	31,779
Production management	5,658	-	5,658	-	5,658
Total program services	76,060	13,195	89,255	-	89,255
Supporting services:					
Administration	8,977	-	8,977	-	8,977
Public support	4,646	-	4,646	-	4,646
Total supporting services	13,623	-	13,623	-	13,623
Total operating expenses	89,683	13,195	102,878	-	102,878
Change in net assets from operations before public support and non-operating activities	(30,413)	(10,985)	(41,398)	7,801	(33,597)
<b>Public support:</b>					
Appropriation from the City of New York	2,723	-	2,723	6	2,729
Other public support, net	20,946	885	21,831	5,019	26,850
Contributions of nonfinancial assets	498	8,771	9,269	-	9,269
Utilization of net assets with donor restrictions	7,820	-	7,820	(7,820)	-
Total public support	31,987	9,656	41,643	(2,795)	38,848
Change in net assets before capital renewal and replacement and non-operating activities	1,574	(1,329)	245	5,006	5,251
Capital renewal and replacement	(1,500)	1,500	-	-	-
Change in net assets before non-operating activities	74	171	245	5,006	5,251
Non-operating activities:					
Pension and postemployment benefits adjustments	1,500	(84)	1,416	-	1,416
<b>Change in net assets</b>	1,574	87	1,661	5,006	6,667
Net assets, beginning of year	(13,687)	105,352	91,665	194,024	285,689
<b>Net assets, end of year</b>	<u>\$ (12,113)</u>	<u>\$ 105,439</u>	<u>\$ 93,326</u>	<u>\$ 199,030</u>	<u>\$ 292,356</u>

See notes to financial statements.

# NEW YORK CITY BALLET, INC.

## Statements of Cash Flows

(amounts in thousands)

	Year Ended June 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 13,655	\$ 6,667
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,542	4,634
Contributions restricted for long-term activities	(701)	(720)
Bad debts expense	248	200
Donated securities	(1,923)	(1,446)
Proceeds from the sale of donated securities	1,923	1,446
Net gains on investments	(26,812)	(18,523)
Noncash lease amortization	281	280
Changes in:		
Pledges receivable	(1,028)	2,712
Accounts receivable	114	(122)
Inventory	60	37
Deferred production costs	219	(546)
Lease liability	(271)	(267)
Accounts payable and accrued expenses	(1,434)	(2,770)
Advance ticket sales and tour fees	845	171
Postemployment and other liabilities	(271)	(2,010)
Net cash used in operating activities	(10,553)	(10,257)
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	37,524	52,124
Purchases of investments	(31,487)	(50,254)
Purchases of property and equipment	(920)	(943)
Net cash provided by investing activities	5,117	927
<b>Cash flows from financing activities:</b>		
Contributions restricted for endowment	701	720
Net cash provided by financing activities	701	720
<b>Change in cash and cash equivalents</b>	(4,735)	(8,610)
Cash and cash equivalents, beginning of year	13,023	21,633
<b>Cash and cash equivalents, end of year</b>	\$ 8,288	\$ 13,023
<b>Supplemental disclosure of cash flow information:</b>		
Contributions of nonfinancial assets	\$ 9,228	\$ 9,269
Noncash lease liability arising from obtaining right-of-use assets	\$ -	\$ 1,905

See notes to financial statements.



# **NEW YORK CITY BALLET, INC.**

## **Notes to Financial Statements**

**June 30, 2024 and 2023**

(amounts in thousands)

### **NOTE A - CITY BALLET AND ITS SIGNIFICANT ACCOUNTING POLICIES**

#### **[1] City Ballet:**

The New York City Ballet, Inc. ("City Ballet") is a not-for-profit organization incorporated in 1977 in the State of New York. Its primary home and principal place of performance is the David H. Koch Theater in Lincoln Center.

City Ballet is a tax-exempt organization and, accordingly, is not subject to income tax in accordance with Section 509(a)(2) of the Internal Revenue Code (the "Code") and has been classified as a publicly supported organization as defined in Section 501(c)(3) of the Code. Contributions to City Ballet are tax deductible to contributors, as provided by law.

#### **[2] Basis of accounting:**

The financial statements of City Ballet have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit entities.

#### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and support, and expenses as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### **[4] Cash and cash equivalents:**

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less when purchased. Cash and cash equivalents managed by City Ballet's investment managers, as part of its long-term investment strategy, are reported as investments.

#### **[5] Investments:**

Investments in debt and equity securities are reported at their fair values, which are based on quoted market prices. Cash and cash equivalents held as part of City Ballet's endowment investment portfolio are also included in the balances reported as investments.

In addition, City Ballet has investments in certain not-readily-marketable securities, through ownership interests in various hedge funds, private equity funds, other investment funds, and common trust funds ("alternative investments") for which market values are not readily obtainable. The fair value of the alternative investments has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit), as a practical expedient for valuing the underlying alternative investments. Each general partner performs oversight of the underlying positions, both on a by-type-of-investment level and from a risk perspective and is responsible for ensuring that the investments are valued according to the policies and procedures adopted by the partnership. City Ballet places reliance upon those procedures and records the interests in the alternative investments at fair value as determined by the general partners. Because of the complex management structures and natures of the underlying investments and the inherent uncertainty of the alternative investment valuations, City Ballet and its various investment advisors monitor the underlying investments to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform. Management believes the carrying amounts of the investments in not-readily-marketable securities are reasonable estimates of their fair values. However, the estimated values of these alternative investments positions may differ from actual values, had a ready market for the underlying investments existed.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE A - CITY BALLET AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on assets sold, and unrealized appreciation or depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Distributions from alternative investments that represent returns of contributed capital reduce the cumulative costs basis of the respective investment. Distributions received from alternative investments in excess of City Ballet's cumulative cost basis are recognized as realized gains. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are initially recorded at their fair values on the dates of the gifts, and it is City Ballet's policy to sell donated securities upon receipt. Accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are reported within operating activities.

Investment expenses include the services of investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by City Ballet's various investment managers in each fiscal-year; however, they do not include those fees that may be embedded in various other investment accounts and transactions.

#### [6] Leasehold improvements and other property and equipment:

City Ballet does not own any land or buildings, but instead occupies space owned by the City of New York. Purchases of furniture and equipment that are not material are charged to current operations. Significant additions, those that have a cost of \$50 or more and a useful life greater than three years, are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets. The fiscal-years 2024 and 2023 financial statements include leasehold improvements and significant property additions made to the David H. Koch Theater, which are capitalized and depreciated using the straight-line method over their estimated useful lives of 3 to 37 years. Leasehold improvements are recorded at their costs and are amortized over the life of the lease. Funded fixed assets include amounts received from donors that were disbursed for fixed assets.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events during fiscal-years 2024 or 2023 requiring management to test for impairment that would require adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

#### [7] Leases:

City Ballet determines if an arrangement is a lease at inception. For City Ballet's operating leases, right-of-use ("ROU") assets represent City Ballet's right to use the underlying assets for the lease terms and the operating leases liability represents an obligation to make lease payments arising from the leases. The ROU assets and leases liability are recognized at the lease commencement dates based on the present value of lease payments over the lease terms. Since City Ballet's lease agreements do not provide an implicit interest rate, City Ballet uses a risk-free rate based on the information available at the commencement dates in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease terms, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE A - CITY BALLET AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [8] Net assets:

The net assets of City Ballet and the changes therein are classified and reported as follows:

###### (i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources used to account for the general activities of the organization. Funds designated by the Board of Directors (the "Board") to serve as quasi-endowment, remain without restriction, subject to use at the discretion of the Board. In addition, City Ballet has a capital reserve, not functioning as endowment, for capital renewal and replacement (see Note E).

###### (ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the State of New York's Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors.

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as "net assets released from restrictions" (see Note F).

##### [9] Revenue recognition:

###### (i) *Contributions:*

Contributions to City Ballet are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met and, if received in advance, are recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Membership dues are considered to be contribution revenue to City Ballet as the member receives only de minimis benefits from membership.

Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue, as well as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place. Special event revenue is net of direct benefit to donor of \$1,273 and \$1,331 during the years ended June 30, 2024 and 2023, respectively.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE A - CITY BALLET AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [9] Revenue recognition: (continued)

##### *(ii) Contributions of nonfinancial assets:*

Contributions of nonfinancial assets are reported as both contributions and offsetting expenses in the statements of activities (see Note J). City Ballet, from time to time, receives various forms of gifts-in-kind, which are contributions of nonfinancial assets. For recognition of donated services in City Ballet's financial statements, such services must: (i) create or enhance nonfinancial assets; (ii) typically need to be acquired if not provided by donation; (iii) require specialized skills; and (iv) be provided by individuals possessing those skills.

##### *(iii) Revenue from contracts with customers:*

City Ballet recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration City Ballet expects to receive in exchange for providing services. The primary source of revenue from contracts with customers for City Ballet is performance ticket sales and tour fees. Revenue from performance ticket sales and tour fees is recognized at the time of the related performance. Proceeds from ticket sales and tour fees received in advance are deferred until the day of the related event or performance and are reported within advance ticket sales and tour fees on the statements of financial position.

##### *(iv) Rental income:*

Revenue from the rental of the David H. Koch Theater is recognized when the performance or event occurs, and the services are provided in accordance with contractual provisions in satisfaction of the performance obligations.

#### [10] Inventory:

City Ballet's inventory consists mainly of toe shoes for Ballet performances and is reported at net realizable value. Management periodically evaluates the inventory for obsolescence and, when appropriate, provides for allowances, as necessary.

#### [11] Production costs:

City Ballet charges costume, scenery, and other production costs for current productions to expense as incurred. Costs relating to future productions are deferred and accounted for as assets until the year in which the productions are first presented and are reported within deferred production costs on the statements of financial position.

#### [12] Functional allocation of expenses:

City Ballet's expenses are summarized on a functional basis in Note K. Accordingly, direct costs have been allocated among the various program and supporting-service categories based on the nature of the expense as determined by management. Indirect costs have been allocated on the basis of time and space. Costs that have been allocated include certain salaries and employee benefits and occupancy.

## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE A - CITY BALLET AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [13] Measure of operations:

In the statements of activities, City Ballet includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. It excludes bad debt expense on endowment pledges and pension and postemployment benefits adjustments.

##### [14] Income tax:

City Ballet is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. For City Ballet, these provisions could be applicable to the incurrence of unrelated business income related to investment income, and rental income. Because of City Ballet's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on City Ballet's financial statements.

##### [15] Adoption of accounting principle:

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires the immediate recognition of estimated credit losses that are expected to occur over the life of many financial assets. The new model, referred to as the current expected credit losses ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees, and net investments in leases, as well as trade receivables. The ASU is effective for annual periods beginning after December 15, 2022; accordingly, City Ballet adopted this ASU for the year ended June 30, 2024. Results for the year ended June 30, 2023 continue to be reported in accordance with previously applicable U.S. GAAP. The adoption and application of the standard had no material effect on these financial statements.

##### [16] Subsequent events:

City Ballet has evaluated all subsequent events through December 11, 2024, the date on which the financial statements were available to be issued.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE B - PLEDGES RECEIVABLE

In fiscal-years 2024 and 2023, respectively, pledges of \$6,400 and \$5,620 have been recorded net of applicable discounts of \$91 and \$147. Included in pledges receivable are pledges specifically for City Ballet's endowment, net of applicable discounts, totaled \$48 and \$994 in fiscal-years 2024 and 2023, respectively.

Pledges are expected to be collected as follows:

	June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	\$ 3,665	\$ 1,633	\$ 5,298	\$ 1,035	\$ 2,917	\$ 3,952
One to five years	-	1,650	1,650	-	2,400	2,400
	3,665	3,283	6,948	1,035	5,317	6,352
Less discount to present value at rates ranging from 3% - 6%	-	(91)	(91)	-	(147)	(147)
	3,665	3,192	6,857	1,035	5,170	6,205
Allowance for doubtful pledges	(457)	-	(457)	(585)	-	(585)
Total	\$ 3,208	\$ 3,192	\$ 6,400	\$ 450	\$ 5,170	\$ 5,620

At June 30, 2024, pledges receivable from one unrelated donor totaled approximately \$2,000 and represented 32% of pledges receivable. At June 30, 2023, pledges receivable from one unrelated donor totaled approximately \$3,000 and represented 47% of pledges receivable.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30, 2024		
	Endowment Investments	Other Investments	Total
Cash and cash equivalents	\$ 1,249	\$ 9,021	\$ 10,270
Equities (a)	24,371	731	25,102
Fixed-income mutual funds	41	340	381
Alternative investments:			
Hedge funds (b):			
Domestic	64,164	-	64,164
Offshore	55,778	-	55,778
Private equity funds (c)	16,377	-	16,377
Other investment funds (d)	48,847	-	48,847
Common trust funds (e)	34,685	-	34,685
Total	<u>\$ 245,512</u>	<u>\$ 10,092</u>	<u>\$ 255,604</u>

  

	June 30, 2023		
	Endowment Investments	Other Investments	Total
Cash and cash equivalents	\$ 3,468	\$ 5,119	\$ 8,587
Equities (a)	16,484	657	17,141
Fixed-income mutual funds	40	804	844
Alternative investments:			
Hedge funds (b):			
Domestic	68,757	-	68,757
Offshore	50,046	-	50,046
Private equity funds (c)	11,671	-	11,671
Other investment funds (d)	46,242	-	46,242
Common trust funds (e)	31,541	-	31,541
Total	<u>\$ 228,249</u>	<u>\$ 6,580</u>	<u>\$ 234,829</u>

- (a) The equities primarily consist of domestic and international common stock and preferred stock.
- (b) The funds primarily invest in domestic and international securities, derivative contracts, and other investments across various classes, sectors, and geographies.
- (c) The funds are focused on (i) evaluating, discovering, investigating, developing, acquiring, holding, managing, monitoring and disposing of investments; and (ii) sharing the profits and losses therefrom and engaging in activities incidental or ancillary thereto.
- (d) The funds are focused on a diversified set of strategies, which may include various buyouts, distressed, growth, venture capital, and other strategies.
- (e) The funds primarily invest in high-quality growth companies which trade at a discount to the market and companies that are thought to be well-positioned in attractively structured, stable industries and are less vulnerable to business disruptions.

## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE C - INVESTMENTS (CONTINUED)

During fiscal-years 2024 and 2023, net investment income from the endowment consisted of the following:

	June 30,	
	2024	2023
Net realized gains (losses)	\$ 469	\$ (3,607)
Net unrealized gains	26,343	22,130
Net gains on investments	26,812	18,523
Interest and dividends, net	656	592
	<u>\$ 27,468</u>	<u>\$ 19,115</u>

Interest and dividends are net of management fees expenses of \$396 and \$505 for fiscal-years 2024 and 2023, respectively. Net investment income other than endowment amounted to \$606 and \$84 for fiscal-years 2024 and 2023, respectively.

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments or similar investments in markets that are not active or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and that includes situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

Certain of City Ballet's investments are valued using NAV per share (or its equivalent unit) as a practical expedient for determining fair value. This applies to investments which (i) do not have a readily determinable fair value and (ii) the financial statements of which were prepared by the respective investment managers in a manner consistent with the measurement principles applied to either an investment company or to an entity which has the attributes of an investment company. Investments that are valued using NAV per share, or its equivalent unit, are not required to be categorized within the fair value hierarchy and, accordingly, have been excluded from the fair-value hierarchy.

City Ballet's investments are subject to various risks, such as interest-rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The availability of relevant market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another.



# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE C - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of City Ballet's investments, excluding cash and cash equivalents, at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

June 30, 2024				
Fair-Value Hierarchy				
Level 1	Total	Valued at NAV	Total Investments	
Equities	\$ 25,102	\$ 25,102	\$ -	\$ 25,102
Fixed-income mutual funds	381	381	-	381
Alternative investments	-	-	219,851	219,851
Total	<u>\$ 25,483</u>	<u>\$ 25,483</u>	<u>\$ 219,851</u>	<u>\$ 245,334</u>

  

June 30, 2023				
Fair-Value Hierarchy				
Level 1	Total	Valued at NAV	Total Investments	
Equities	\$ 17,141	\$ 17,141	\$ -	\$ 17,141
Fixed-income mutual funds	844	844	-	844
Alternative investments	-	-	208,257	208,257
Total	<u>\$ 17,985</u>	<u>\$ 17,985</u>	<u>\$ 208,257</u>	<u>\$ 226,242</u>

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE C - INVESTMENTS (CONTINUED)

The following table describes the funding commitment and redemption information as of June 30, 2024 for City Ballet's alternative investments:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds - domestic:				
Trinity Street Equity	\$ 8,823	\$ -	Monthly	30 days
Varde Investment Partners, LP	9,957	-	Monthly	90 days
Farallon Equity Partners, LP	25,903	-	Quarterly	30 days
Davidson Kempner Institutional Partners, LP	5,672	-	Quarterly	65 days
AG Super Fund, LP	27	-	Redemption in process	N/A
Canyon DOF III (Delaware)	5,674	-	Upon liquidation	N/A
Davidson Kempner LT Distressed Opps Int'l IV, LP	2,422	343	Upon liquidation	N/A
Davidson Kempner LT Distressed Opps Int'l V, LP	5,686	514	Upon liquidation	N/A
Total hedge funds - domestic	64,164	857		
Hedge funds - offshore:				
Indus Select Fund, Ltd.	9,199	-	Monthly	30 days
Coatue Offshore Fund, Ltd.	14,373	-	Monthly	45 days
Junto Offshore Fund, Ltd.	8,820	-	Quarterly	45 days
Casdin Partners Offshore, Ltd.	1,408	-	Quarterly	60 days
Valinor Capital Partners Offshore, Ltd.	306	-	Quarterly	60 days
Nut Tree Offshore Fund, Ltd.	12,270	-	Quarterly	75 days
Durable Capital Offshore Fund, LP	7,627	-	Every 36 months	150 days
Durable Capital Opp. Offshore Fund, LP	483	468	Upon liquidation	N/A
York Credit Opportunities Master Fund, LP	1,292	-	Upon liquidation	N/A
Total hedge funds - offshore	55,778	468		
Private equity funds:				
Davidson Kempner Opportunities Int'l VI (Offshore)	1,484	3,608	Upon liquidation	N/A
Incline Equity Partners V Fund, LP	3,963	772	Upon liquidation	N/A
LCP X Offshore-Lexington Capital Partners	1,432	1,796	Upon liquidation	N/A
Sageview Capital Partners II (Offshore), LP	7,424	55	Upon liquidation	N/A
StepStone (GreenSprings)	1,924	160	Upon liquidation	N/A
StepStone VI	150	2,850	Upon liquidation	N/A
Total private equity funds	16,377	9,241		
Other investment funds:				
GQG Partners Emerging Markets Equity Fund	10,242	-	Weekly	Prior Thursday
Arrow Street Capital Global	10,356	-	Bi-monthly	7 days
Highclere Int'l Investors SMID Fund	-	-	Monthly	10 days
Lucid Prime Fund LLC	19,037	-	Quarterly	10 days
HCIF Offshore, LP	4,051	-	Annually	105 days
Abingworth Bioventures VII, LP	3,119	128	Upon liquidation	N/A
Farallon Special Situations Fund	2,042	1,169	Upon liquidation	N/A
Farallon Special Situations Fund III	-	3,000	Upon liquidation	N/A
Total other investment funds	48,847	4,297		
Common trust funds:				
State Street S&P 500 Equal Weighted Index	15,973	-	Daily	1 day
Wellington CTF Int'l Quality Growth	9,115	-	Daily	1 day
Wellington CTF Select Leaders	9,597	-	Daily	1 day
Total common trust funds	34,685	-		
	\$ 219,851	\$ 14,863		

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE D - ENDOWMENTS

City Ballet's endowments consist of both with and without donor restrictions established for a variety of purposes.

[1] Endowment net assets (inclusive of \$48 and \$994 pledges in fiscal-years 2024 and 2023, respectively), by type of fund, as of each fiscal-year end, are as follows:

June 30, 2024					
	Without Donor Restriction	With Donor Restrictions			Total
		Endowment Appreciation	Endowment	Total	
Functioning as endowment and corpus	\$ 11,837	\$ -	\$ 7,162	\$ 7,162	\$ 18,999
Touring	2,455	-	-	-	2,455
Delmas Repertory	7,419	-	-	-	7,419
Capital Campaign 1999	-	4,963	13,570	18,533	18,533
Martison Memorial/Society Loan	-	145	84	229	229
General	-	346	1,000	1,346	1,346
Capital Campaign 2014 General	-	1,647	12,035	13,682	13,682
Board Designated	22,265	-	-	-	22,265
Bequests	6,888	-	-	-	6,888
Wallace Endowment	-	26,501	57,750	84,251	84,251
	<b>50,864</b>	<b>33,602</b>	<b>91,601</b>	<b>125,203</b>	<b>176,067</b>
Choreographic Institute	-	12,883	16,378	29,261	29,261
Nureyev Repertory	-	449	1,000	1,449	1,449
Martins Repertory	-	1,546	3,000	4,546	4,546
Martins' 25	-	104	344	448	448
Martins' 30	-	16	115	131	131
Balanchine Repertory	-	678	1,320	1,998	1,998
Symphony in C	-	790	1,000	1,790	1,790
Robbins Repertory	-	25	67	92	92
Touring	-	1,578	2,975	4,553	4,553
Education	-	316	775	1,091	1,091
Levin Dance	-	518	1,000	1,518	1,518
Dance On	-	249	1,000	1,249	1,249
Musical Leadership	-	956	2,000	2,956	2,956
Scenic Design Maintenance	-	113	250	363	363
Kirstein Memorial	-	143	235	378	378
Capital Campaign 2014 Stepping	-	1,006	7,000	8,006	8,006
Capital Campaign 2014 Education	-	140	750	890	890
Capital Campaign 2014 Repertory	-	71	450	521	521
Capital Campaign 2014 Toe Shoes	-	37	150	187	187
Capital Campaign 2014 Dancers' Salary	-	304	1,210	1,514	1,514
Capital Campaign 2014 New Works	-	153	900	1,053	1,053
Capital Campaign 2014 Costumes	-	142	1,000	1,142	1,142
Capital Campaign 2014 Repertory Director	-	134	2,500	2,634	2,634
Capital Campaign 2014 Jacob Funds	-	313	1,000	1,313	1,313
Capital Campaign 2014 Dancers' Wellness	-	22	249	271	271
	-	<b>22,686</b>	<b>46,668</b>	<b>69,354</b>	<b>69,354</b>
Investments held by others (Stern)	-	(36)	175	139	139
	<b>\$ 50,864</b>	<b>\$ 56,252</b>	<b>\$ 138,444</b>	<b>\$ 194,696</b>	<b>\$ 245,560</b>

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE D - ENDOWMENTS (CONTINUED)<sup>1</sup>

[1] Endowment net assets (inclusive of \$48 and \$944 pledges in fiscal-years 2024 and 2023, respectively), by type of fund, as of each fiscal-year end, are as follows: (continued)

June 30, 2023					
	Without Donor Restriction	With Donor Restrictions			Total
		Endowment Appreciation	Endowment	Total	
Functioning as endowment and corpus	\$ 10,628	\$ -	\$ 7,162	\$ 7,162	\$ 17,790
Touring	2,299	-	-	-	2,299
Delmas Repertory	6,947	-	-	-	6,947
Capital Campaign 1999	-	3,822	13,818	17,640	17,640
Martison Memorial/Society Loan	-	131	84	215	215
General	-	261	1,000	1,261	1,261
Capital Campaign 2014 General	-	701	12,035	12,736	12,736
Board Designated	20,904	-	-	-	20,904
Bequests	5,942	-	-	-	5,942
Wallace Endowment	-	21,141	57,751	78,892	78,892
	<u>46,720</u>	<u>26,056</u>	<u>91,850</u>	<u>117,906</u>	<u>164,626</u>
Choreographic Institute	-	10,621	16,378	26,999	26,999
Nureyev Repertory	-	357	1,000	1,357	1,357
Martins Repertory	-	1,257	3,000	4,257	4,257
Martins' 25	-	76	344	420	420
Martins' 30	-	7	115	122	122
Balanchine Repertory	-	551	1,320	1,871	1,871
Symphony in C	-	676	1,000	1,676	1,676
Robbins Repertory	-	19	67	86	86
Touring	-	1,288	2,975	4,263	4,263
Education	-	246	775	1,021	1,021
Levin Dance	-	421	1,000	1,421	1,421
Dance On	-	168	1,000	1,168	1,168
Musical Leadership	-	768	2,000	2,768	2,768
Scenic Design Maintenance	-	90	250	340	340
Kirstein Memorial	-	119	235	354	354
Capital Campaign 2014 Stepping	-	497	7,000	7,497	7,497
Capital Campaign 2014 Education	-	81	750	831	831
Capital Campaign 2014 Repertory	-	37	450	487	487
Capital Campaign 2014 Toe Shoes	-	25	150	175	175
Capital Campaign 2014 Dancers' Salary	-	176	1,210	1,386	1,386
Capital Campaign 2014 New Works	-	82	900	982	982
Capital Campaign 2014 Costumes	-	68	1,000	1,068	1,068
Capital Campaign 2014 Repertory Director	-	61	2,500	2,561	2,561
Capital Campaign 2014 Jacob Funds	-	133	1,000	1,133	1,133
Capital Campaign 2014 Dancers' Wellness	-	(4)	245	241	241
	<u>-</u>	<u>17,820</u>	<u>46,664</u>	<u>64,484</u>	<u>64,484</u>
Investments held by others (Stern)	-	(42)	175	133	133
	<u>\$ 46,720</u>	<u>\$ 43,834</u>	<u>\$ 138,689</u>	<u>\$ 182,523</u>	<u>\$ 229,243</u>

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE D - ENDOWMENTS (CONTINUED)

[2] Changes in endowment net assets (exclusive of \$48 and \$994 pledges in fiscal-years 2024 and 2023, respectively) during each fiscal-year:

Year Ended June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 46,720	\$ 181,529	\$ 228,249
Investment return:			
Investment management fees	(93)	(303)	(396)
Interest, dividends and realized gains	359	1,162	1,521
Unrealized gains	6,218	20,125	26,343
	6,484	20,984	27,468
Other changes:			
Additions	499	701	1,200
Spending policy of 5% - appropriation	(2,839)	(8,572)	(11,411)
	(2,340)	(7,871)	(10,211)
	50,864	194,642	245,506
Net gain on investments held by others	-	6	6
Endowment net assets, end of year	\$ 50,864	\$ 194,648	\$ 245,512

  

Year Ended June 30, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 43,710	\$ 173,008	\$ 216,718
Investment return:			
Investment management fees	(118)	(387)	(505)
Interest, dividends and realized losses	(586)	(1,924)	(2,510)
Unrealized gains	5,168	16,962	22,130
	4,464	14,651	19,115
Other changes:			
Additions	885	720	1,605
Spending policy of 4% - appropriation	(2,339)	(6,849)	(9,188)
	(1,454)	(6,129)	(7,583)
	46,720	181,530	228,250
Net loss on investments held by others	-	(1)	(1)
Endowment net assets, end of year	\$ 46,720	\$ 181,529	\$ 228,249

**NEW YORK CITY BALLET, INC.**

**Notes to Financial Statements**  
**June 30, 2024 and 2023**  
(amounts in thousands)

**NOTE D - ENDOWMENTS (CONTINUED)**

**[3] Donor-restricted endowment:**

The historic dollar value of City Ballet's donor-restricted endowment as of June 30, 2024 and 2023 was \$138,445 and \$138,689, respectively. A portion of the income derived from donor-restricted endowment may be used for general operating purposes, while some donors have restricted the income from their endowment contributions for specific purposes.

Donor-restricted endowment also includes certain challenge grant funds from the National Endowment for the Arts, which require that the gift be maintained in perpetuity with only the income being utilized. Amounts may be withdrawn from these funds during the year to finance current operations, with the condition that all withdrawals are fully repaid no later than two years from the date of the borrowing.

In addition, in accordance with an agreement with the City of New York, a donor-restricted endowment was established to act as a working capital reserve. Interest generated by this fund is available for current operations. Additionally, portions of the principal may be temporarily withdrawn during the year for financing current operations on the condition that all withdrawals be fully repaid in cash prior to the fiscal year-end.

**[4] Funds with deficiencies:**

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original contribution - perpetual in nature. Although, under the terms of NYPMIFA, City Ballet has no responsibility to restore such decreases in value. At June 30, 2024 and 2023, a deficiency existed in two of City Ballet's donor restricted endowment funds totaling \$36 and \$46, respectively.

**[5] Spending policy:**

City Ballet has a policy permitting management to budget and expend a percentage of endowment earnings, based on each fund's average market value over the preceding 20 quarters. For fiscal-years 2024 and 2023, the applied percentage was 5.0% and 4.0%, respectively.

**NOTE E - NET ASSETS WITHOUT DONOR RESTRICTIONS**

**[1] Net assets without donor restrictions at each year end consisted of the following:**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
General operating:		
Undesignated	\$ (7,731)	\$ (7,793)
Pension/postemployment accumulated other income and loss	(3,263)	(4,320)
	<b>(10,994)</b>	<b>(12,113)</b>
Other:		
Fixed assets - funded	51,929	55,573
Capital renewal and replacement Board-designated capital reserve	5,046	3,146
Board-designated to function as endowment	50,864	46,720
	<b>107,839</b>	<b>105,439</b>
	<b>\$ 96,845</b>	<b>\$ 93,326</b>

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE E - NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

#### [2] Pension/postemployment accumulated other income and loss:

The pension/postemployment accumulated other income and loss is composed of the following at each fiscal-year ended:

	June 30,	
	2024	2023
Pension	\$ (3,828)	\$ (4,842)
Postemployment	565	522
	<u>\$ (3,263)</u>	<u>\$ (4,320)</u>

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at each fiscal-year ended:

	June 30,	
	2024	2023
Perpetual in nature (see Note D)	<u>\$ 138,444</u>	<u>\$ 138,689</u>
Time and purpose restrictions:		
Productions	3,087	3,902
Emergency	418	418
Education	921	886
Passage of time and other	<u>10,044</u>	<u>11,301</u>
	14,470	16,507
Accumulation of endowment income reserved for appropriations	<u>56,252</u>	<u>43,834</u>
	<u>70,722</u>	<u>60,341</u>
	<u>\$ 209,166</u>	<u>\$ 199,030</u>

## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions in fulfillment of the following during each fiscal-year ended:

	June 30,	
	2024	2023
Productions	\$ 3,281	\$ 3,003
Education	977	1,002
Passage of time and other	3,145	3,815
Total	<u>\$ 7,403</u>	<u>\$ 7,820</u>

#### NOTE G - LEASEHOLD IMPROVEMENTS AND OTHER PROPERTY AND EQUIPMENT

Leasehold improvements and other property and equipment consisted of the following:

	June 30,	
	2024	2023
Leasehold improvements	\$ 79,168	\$ 78,163
Property and equipment	21,024	21,109
	100,192	99,272
Less: accumulated depreciation	(45,423)	(40,881)
	<u>\$ 54,769</u>	<u>\$ 58,391</u>

#### NOTE H - ADVANCE TICKET SALES AND TOUR FEES

The following table provides information about significant changes in deferred revenue from ticket sales and tour fees consisting of the following:

	June 30,	
	2024	2023
Advance ticket sales and tour fees, beginning of year	\$ 5,460	\$ 5,289
Revenue recognized or refunds provided that were included in advance ticket sales and tour fees at the beginning of the year	(5,460)	(5,151)
Increase in advance ticket sales and tour fees due to cash received during the period	6,305	5,322
Advance ticket sales and tour fees, end of year	<u>\$ 6,305</u>	<u>\$ 5,460</u>

There were no other significant contract assets or liabilities at June 30, 2024 or 2023, respectively.



## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE I - PUBLIC SUPPORT

Net public support without donor restrictions provided to City Ballet, and the utilization of donor purpose restricted net assets by major classifications, were as follows during each fiscal-year:

	Year Ended June 30,	
	2024	2023
Appropriation from the City of New York	\$ 2,561	\$ 2,729
Other governmental agencies	2,337	1,636
Special events, net	6,873	6,975
Membership	1,272	1,344
Foundation	6,860	5,221
Corporate	3,100	2,583
Individual	8,988	10,079
Estates	1,849	922
	<b>33,840</b>	31,489
Contributions of nonfinancial assets	9,228	9,269
Estates (Board-designated)	414	885
	<b>\$ 43,482</b>	<b>\$ 41,643</b>

During the year ended June 30, 2024, City Ballet was reimbursed by the United States Department of Homeland Security for approximately \$2,193. The funds, awarded under COVID-19 Disaster Relief, have been allocated toward the procurement of personal protective equipment, testing devices, and enhanced cleaning services related to the prevention of the COVID-19 virus and are included in public support revenue in the statement of activities.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provided an employee retention credit ("CARES Employee Retention Credit"), which was a refundable tax credit against certain employment taxes of up to \$5 per eligible employee per quarter. The tax credit was equal to 50% of qualified wages up to \$10 per eligible employee for the period from March 12, 2020 to December 31, 2020. During the year ended June 30, 2023, City Ballet recorded approximately \$1,500 related to the CARES Employee Retention Credit in public support revenue in the statements of activities.

**NEW YORK CITY BALLET, INC.**

**Notes to Financial Statements**  
**June 30, 2024 and 2023**  
(amounts in thousands)

**NOTE J - CONTRIBUTIONS OF NONFINANCIAL ASSETS**

Contributions of nonfinancial assets included in the statements of activities consisted of the following during each fiscal-year ended:

	<b>Year Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Supplies	\$ 154	\$ 172
Legal services	303	326
Koch Theater space	8,771	8,771
	<b>\$ 9,228</b>	<b>\$ 9,269</b>

City Ballet recognized contributed nonfinancial assets within public support revenue, including contributed supplies, legal services, and space usage of the Koch Theater. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed supplies was utilized as auction items at City Ballet's special events and were valued at their estimated fair value on the basis of comparable sales prices. Contributed legal services recognized comprise professional services from attorneys advising City Ballet on various legal matters and the fair value of the services is based on current rates for similar legal services. Contributed space at the Koch Theater recognized is based on an estimate of the fair value of the space on the basis of recent comparable rental prices in City Ballet's real estate market for the square footage of donated space.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE K - SCHEDULE OF FUNCTIONAL EXPENSES

For fiscal-years 2024 and 2023, the following schedules describe management's allocation of expenses by natural classification to City Ballet's various functional categories:

	Year Ended June 30, 2024							
	Program Services				Supporting Services			Total
	Ballet Production	Facility Management	Production Management	Total Program Services	Administration	Public Support	Total Supporting Services	
Salaries	\$ 29,871	\$ 8,911	\$ 4,843	\$ 43,625	\$ 4,759	\$ 2,608	\$ 7,367	\$ 50,992
Benefits	14,270	4,081	1,752	20,103	2,243	974	3,217	23,320
Salaries and related benefits	44,141	12,992	6,595	63,728	7,002	3,582	10,584	74,312
Occupancy	84	14,211	-	14,295	23	134	157	14,452
Depreciation and amortization	110	274	-	384	-	-	-	384
Printing	4,362	5	-	4,367	3	365	368	4,735
Transportation	983	16	2	1,001	16	71	87	1,088
Scenery, music and costumes	2,212	53	-	2,265	21	32	53	2,318
Professional fees	1,268	150	-	1,418	1,360	234	1,594	3,012
Data processing, telephone and office expenses	131	99	-	230	467	35	502	732
Insurance	59	562	-	621	304	-	304	925
Royalties	1,131	-	-	1,131	-	-	-	1,131
Advertising	1,319	-	-	1,319	-	-	-	1,319
Catering and other related expenses	108	3	-	111	13	1,627	1,640	1,751
Bad debt	-	-	-	-	248	-	248	248
Miscellaneous expenses	1,405	259	-	1,664	13	925	938	2,602
Total expenses before funded depreciation	57,313	28,624	6,597	92,534	9,470	7,005	16,475	109,009
Funded depreciation	91	4,052	-	4,143	15	-	15	4,158
Total expenses	57,404	32,676	6,597	96,677	9,485	7,005	16,490	113,167
Less:								
Special event expenses - direct benefit	-	-	-	-	-	(1,273)	(1,273)	(1,273)
Bad debt expense - non-operating	-	-	-	-	(248)	-	(248)	(248)
Other components of net periodic costs	(85)	(11)	(39)	(135)	(32)	(41)	(73)	(208)
Total expenses, statement of activities	\$ 57,319	\$ 32,665	\$ 6,558	\$ 96,542	\$ 9,205	\$ 5,691	\$ 14,896	\$ 111,438

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE K - SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)

	Year Ended June 30, 2023							
	Program Services				Supporting Services			
	Ballet Production	Facility Management	Production Management	Total Program Services	Administration	Public Support	Total Supporting Services	Total
Salaries	\$ 27,352	\$ 8,165	\$ 4,413	\$ 39,930	\$ 4,208	\$ 2,397	\$ 6,605	\$ 46,535
Benefits	12,269	3,416	1,272	16,957	1,947	742	2,689	19,646
Salaries and related benefits	39,621	11,581	5,685	56,887	6,155	3,139	9,294	66,181
Occupancy	98	14,281	-	14,379	-	114	114	14,493
Depreciation and amortization	32	179	-	211	-	-	-	211
Printing	3,073	-	-	3,073	-	334	334	3,407
Transportation	915	14	-	929	25	66	91	1,020
Scenery, music and costumes	2,061	58	-	2,119	15	36	51	2,170
Professional fees	1,203	160	6	1,369	1,549	230	1,779	3,148
Data processing, telephone and office expenses	126	62	-	188	595	52	647	835
Insurance	48	750	-	798	436	-	436	1,234
Royalties	1,091	-	-	1,091	-	-	-	1,091
Advertising	1,009	-	-	1,009	-	-	-	1,009
Catering and other related expenses	67	1	-	68	9	1,443	1,452	1,520
Medical supplies	968	17	-	985	-	-	-	985
Bad debts	-	-	-	-	200	-	200	200
Miscellaneous expenses	1,395	445	-	1,840	20	598	618	2,458
Total expenses before funded depreciation	51,707	27,548	5,691	84,946	9,004	6,012	15,016	99,962
Funded depreciation	183	4,240	-	4,423	-	-	-	4,423
Total expenses	51,890	31,788	5,691	89,369	9,004	6,012	15,016	104,385
Less:								
Special event expenses - direct benefit	-	-	-	-	-	(1,331)	(1,331)	(1,331)
Other components of net periodic costs	(72)	(9)	(33)	(114)	(27)	(35)	(62)	(176)
Total expenses, statement of activities	\$ 51,818	\$ 31,779	\$ 5,658	\$ 89,255	\$ 8,977	\$ 4,646	\$ 13,623	\$ 102,878

## NEW YORK CITY BALLET, INC.

### Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

#### NOTE L - PENSION PLANS

Until fiscal-year 2011, City Ballet participated in a noncontributory, defined-benefit pension plan for nonunion, salaried employees. This plan was subsequently frozen, effective June 15, 2012. In place of this frozen pension plan, management of City Ballet amended an existing 403(b) plan to include employer contributions, retroactive to January 1, 2012. Pension benefits for vested employees as of the freeze date are based on years of service and final average compensation, as defined. City Ballet's policies are to fund the plans in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA").

The following table sets forth basic information relating to the total accrued benefit liability of the plan for each fiscal year-end:

	June 30,	
	2024	2023
Projected benefit obligation	\$ (24,929)	\$ (24,579)
Plan assets at fair value	24,214	22,851
Funded status deficit, recognized as liabilities in the statements of financial position	\$ (715)	\$ (1,728)

At June 30, 2024, the percentages of the fair values of the types of plan assets held were approximately 2% money-market funds, 50% equity securities, 2% debt securities, 24% in mutual and hedge funds, and 22% trust funds. At June 30, 2023, the percentages of the fair values of the types of plan assets held were approximately 7% money-market funds, 47% equity securities, 3% debt securities, 24% in mutual and hedge funds, and 19% trust funds. The plan's investments are considered all Level 1 within the fair-value hierarchy, except for the hedge funds which are measured at fair value using NAV per share (or its equivalent) as a practical expedient and have not been classified in the fair-value hierarchy.

The key assumptions used to determine the plan's net periodic pension cost at each fiscal year-end were as follows:

	Year Ended June 30,	
	2024	2023
Discount rate	5.73%	5.73%
Long-range return on assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE L - PENSION PLANS (CONTINUED)

The following are the components of the net periodic pension cost for the plan for the fiscal-year:

	Year Ended June 30,	
	2024	2023
Expected return on plan assets	\$ (1,663)	\$ (1,500)
Interest cost on projected benefit obligation	1,370	1,250
Amortization of accumulated loss	243	573
Net periodic pension cost	<u>\$ (50)</u>	<u>\$ 323</u>

Contributions to the plan and benefits paid during fiscal-year were as follows:

	Year Ended June 30,	
	2024	2023
Benefits paid	<u>\$ 1,365</u>	<u>\$ 1,353</u>

Benefit payments under the plan, which include expected future service, are expected to be paid as follows:

Fiscal-Year Ending June 30,	Pension Benefits
2024	\$ 2,297
2025	2,258
2026	2,180
2027	2,175
2028	2,152
2029 - 2034	9,887

The plan's assets are managed in accordance with ERISA standards for prudent investments. The investment objectives are long-term growth and current income. This investment objective seeks long-term capital appreciation, balanced by a substantial and stable rate of current income. It is recognized that this objective would entail accepting short-term volatility in the market value of the fund as a trade-off for the opportunity of earning long-term growth in capital. The plan's assets are invested in a diversified mix of U.S. and international equity securities, alternative investments, and fixed-income securities. Asset-manager performance is reviewed at least once every three months and benchmarked against the peer universe for the given investment style.

**NEW YORK CITY BALLET, INC.**

**Notes to Financial Statements**  
**June 30, 2024 and 2023**  
(amounts in thousands)

**NOTE L - PENSION PLANS (CONTINUED)**

City Ballet's target allocations of plan assets and the actual weighted-average allocations were as follows for each fiscal-year:

	<b>Target 2024</b>	<b>Actual 2024</b>	<b>Actual 2023</b>
Cash equivalents	0%	2%	7%
Equity and debt securities	50%	50%	47%
Debt security	0%	2%	3%
Mutual funds and hedge funds	50%	46%	43%

City Ballet's net periodic pension cost for fiscal-years 2024 and 2023 was approximate \$(50) and \$323, respectively. City Ballet's accrued benefit liability at June 30, 2024 and 2023 was approximate \$715 and \$1,728, respectively, and is reported in postemployment and other liabilities in the accompanying statements of financial position. Accumulated other comprehensive loss associated with City Ballet's pension plan was approximate \$2,741 and \$3,704 in fiscal-years 2024 and 2023, respectively. Net assets without donor restrictions were increased by \$1,013 and \$1,309 in fiscal-years 2024 and 2023, respectively, to record the adjustments required to balance the accrued benefit liability to the amount of the unfunded projected benefit obligation as of fiscal-year end.

City Ballet also contributes to union pension plans based upon a percentage of employee salaries. Pension costs associated with these plans amounted to approximate \$4,471 and \$3,449 in fiscal-years 2024 and 2023, respectively.

**NOTE M - POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

City Center of Music and Drama, Inc. ("CCMD") operated the David H. Koch Theater for City Ballet until July 1, 2017 when CCMD was merged with and into City Ballet. In fiscal-year 1978, CCMD adopted the policy of providing the option to certain employees (i.e., those who had at least 20 years of service and who were 65 years of age upon their retirement from CCMD to continue in the group medical and life insurance plan, at no cost to the employee. CCMD's Board of Governors ended this policy in April 1995 for employees who had not vested in this benefit, but in fiscal-year 1997, CCMD's Board of Governors reinstituted this benefit for all active employees who, at that date, had already achieved the requisite 20 years of service. In addition, City Ballet contracts with various unions to include provisions for severance payments to members after they reach a predetermined length of service. City Ballet funds both of these obligations as benefits are actually paid.

Net assets without donor restrictions were increased by \$44 and \$107 in fiscal-years 2024 and 2023, respectively, to record the adjustments required to balance the accrued postretirement benefit liability to the amount of the unfunded projected benefit obligation as of fiscal-year end.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements June 30, 2024 and 2023 (amounts in thousands)

### NOTE M - POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The following tables set forth basic information relating to the accrued benefit liability at each fiscal-year end:

	June 30,	
	2024	2023
Projected postretirement benefit obligation	\$ 471	\$ 489
Plan assets at fair value	-	-
Funded status	<u>\$ 471</u>	<u>\$ 489</u>
	June 30,	
	2024	2023
Postretirement benefit obligation at the end of year:		
Active employees not fully eligible to retire	\$ -	\$ -
Active employees fully eligible to retire	70	73
Retirees	<u>401</u>	<u>416</u>
Total	<u>\$ 471</u>	<u>\$ 489</u>

The following items are the components of the net periodic postretirement benefit cost and corresponding changes to the accumulated obligation for each fiscal-year:

	June 30,	
	2024	2023
Net periodic postretirement benefit cost:		
Service	\$ -	\$ -
Interest	26	25
Amortization of prior service cost	(279)	(279)
Amortization of accumulated loss	<u>95</u>	<u>106</u>
Net periodic postretirement benefit cost	<u>\$ (158)</u>	<u>\$ (148)</u>
Actual payments	<u>\$ 40</u>	<u>\$ 39</u>



**NEW YORK CITY BALLET, INC.**

**Notes to Financial Statements**  
**June 30, 2024 and 2023**  
(amounts in thousands)

**NOTE M - POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

Estimated benefit payments are as follows:

<u>Year Beginning July 1,</u>	<u>Employer Benefit Payment</u>
2024	\$ 65
2025	61
2026	57
2027	53
2028	49
2029 - 2033	258

The accumulated postretirement benefit obligation was actuarially determined as of June 30, 2024, using assumed discount rates of 5.69%. The assumed rate of future increases in health care was not applicable in the first year, increasing to 5% by fiscal-year year 2027. Had the health-care cost-trend rate assumption been increased by 1%, the accumulated postretirement benefit obligation would have increased by 5.9%. The effect of this change on the sum of the service and interest cost components of net periodic postretirement benefit cost would have been an increase of 5.8%. The postretirement balance is included as part of payroll-related and other liabilities in the accompanying statements of financial position.

The expected employer contribution for fiscal-year 2025 is \$65.

**NOTE N - KOCH THEATER RENTAL ACTIVITIES**

The Koch Theater is available for rent when not in use by City Ballet. The revenue from these rentals is used to partially offset the facility and administrative expenses of the Theater.

**NOTE O - NEW YORK CITY CONTRIBUTIONS FOR CAPITAL EXPENDITURES**

The City of New York owns the Koch Theater and partially supports the operation of the facility through energy subsidies and an annual appropriation from the New York City Department of Cultural Affairs ("DCA"). This annual appropriation amounted to \$2,561 and \$2,729 in fiscal-years 2024 and 2023, respectively. Under the terms of its license agreement with the City of New York for the Koch Theater, City Ballet pays a nominal rent and the operating and maintenance costs of the building.

The City and State of New York also provide capital support for the Koch Theater. City Ballet reports this capital support as an increase in construction in progress until the associated assets are placed in service. Historically, the City of New York made \$38,940 in capital expenditures from fiscal-years 1990 to 2024.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE P - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects City Ballet's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of statement of financial position dates because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of City Ballet that could be drawn upon if the Board approves the action.

City Ballet's financial assets available for general use within one year of the statement of financial position date for general expenditure are as follows:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 8,288	\$ 13,023
Pledges receivable, net	6,400	5,620
Accounts receivable	685	799
Investments	255,604	234,829
	<b>270,977</b>	<b>254,271</b>
Total financial assets available within one year		
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with:		
Time and purpose restrictions	(70,722)	(60,341)
Perpetual in nature	(138,444)	(138,689)
	<b>(209,166)</b>	<b>(199,030)</b>
Amounts available to management with Board's approval:		
Board-designated capital reserve	(5,046)	(3,146)
Board-designated quasi-endowment fund	(50,864)	(46,720)
	<b>(55,910)</b>	<b>(49,866)</b>
Total amounts unavailable for general expenditure within one year	<b>(265,076)</b>	<b>(248,896)</b>
Total financial assets available to meet cash needs for general expenditures within one year	<b>\$ 5,901</b>	<b>\$ 5,375</b>

Liquidity policy:

City Ballet maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations come due. Additionally, City Ballet has a quasi-endowment fund and capital reserve fund, whereby amounts could be made available for current operations, if necessary; however, City Ballet does not intend to spend this fund for purposes other than those approved by the Board.

# NEW YORK CITY BALLET, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

(amounts in thousands)

### NOTE Q - LEASES

During fiscal-years 2024 and 2023, City Ballet leased space for two warehouses and archival space under agreements expiring in fiscal-year 2030. Rent expense, including maintenance, was \$509 and \$473 for fiscal-years 2024 and 2023, respectively.

Minimum future lease payments under the lease agreements are as follows:

Year Ending June 30,	2024	2023
2024	\$ -	\$ 275
2025	239	239
2026	232	232
2027	236	236
2028	238	238
2029	244	244
2030	187	187
Total minimum lease payments	1,376	1,651
Less: amount representing interest	(9)	(13)
Amount reported on statements of financial position	<u>\$ 1,367</u>	<u>\$ 1,638</u>
<b>Weighted-average remaining lease term:</b>		
Operating leases	7 years	8 years
<b>Weighted-average discount rate:</b>		
Operating leases	2.39%	2.39%

### NOTE R - COMMITMENTS AND CONTINGENCIES

#### [1] Samuel B. and David Rose Building:

During fiscal-year 1985, City Ballet entered into an agreement whereby City Ballet contributed, based on space usage, a pro rata share of the costs of the Rose Building. Under the agreement, City Ballet received a 99-year lease for its space. Construction costs were capitalized and are being amortized over the anticipated useful life of the building. Depreciation began in fiscal-year 1992, when the space was put into service. For fiscal-years 2024 and 2023, the Rose Building was fully depreciated. Also, under the terms of the lease, in addition to its own operating costs, City Ballet is committed to pay its share of common area costs.

## **NEW YORK CITY BALLET, INC.**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

(amounts in thousands)

#### **NOTE R - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

##### **[2] Litigation:**

City Ballet is sometimes subject to litigation in the ongoing course of fulfilling its mission. In management's opinion, however, there is no current litigation the outcome of which would likely have a material adverse impact on City Ballet's financial position or activities.

#### **NOTE S - CREDIT RISK**

City Ballet deposits cash in financial institutions in amounts which, at times, may exceed the federally insured limits. City Ballet's cash is held at major financial institutions. City Ballet has not experienced any losses in such accounts. Management monitors the risk associated with concentrations on an ongoing basis.