



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

Consolidated Financial Statements and Consolidating Schedules

June 30, 2018

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Lincoln Center for the Performing Arts, Inc.:

We have audited the accompanying consolidated financial statements of Lincoln Center for the Performing Arts, Inc. and related entity, which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Center for the Performing Arts, Inc. and related entity as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited Lincoln Center for the Performing Arts, Inc. and related entity's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated November 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the accompanying consolidating schedules as of and for the year ended June 30, 2018 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

November 13, 2018

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

Consolidated Balance Sheet

June 30, 2018

(with comparative amounts for 2017)

Assets	2018	2017
Cash and cash equivalents	\$ 9,634,459	12,434,734
Restricted cash (note 8)	15,898,710	29,297,621
Accounts and investment income receivable	14,773,063	16,136,507
Contributions and grants receivable, net (note 4)	79,415,793	108,401,015
Prepaid expenses, inventory and other assets	8,832,558	10,271,637
Investments (note 5)	258,862,068	248,840,735
Fixed assets, net (note 6)	<u>349,612,925</u>	<u>360,784,662</u>
Total assets	<u>\$ 737,029,576</u>	<u>786,166,911</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,009,638	16,704,152
Deferred revenue (note 3)	18,752,798	20,846,200
Fair value of interest rate swaps (note 8)	36,837,135	48,169,411
Borrowings under line of credit (note 7)	—	25,000,000
Long-term debt (note 8)	<u>251,707,362</u>	<u>253,276,214</u>
Total liabilities	<u>328,306,933</u>	<u>363,995,977</u>
Commitments and contingencies (notes 7, 11, and 12)		
Net assets (notes 10 and 14):		
Unrestricted:		
General operating	10,759,475	10,610,361
Board designated	115,643,029	112,260,263
Redevelopment and other physical capital	<u>70,996,292</u>	<u>88,178,128</u>
Total unrestricted	197,398,796	211,048,752
Temporarily restricted	114,898,862	113,503,180
Permanently restricted	<u>96,424,985</u>	<u>97,619,002</u>
Total net assets	<u>408,722,643</u>	<u>422,170,934</u>
Total liabilities and net assets	<u>\$ 737,029,576</u>	<u>786,166,911</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended June 30, 2018

(with summarized comparative information for 2017)

	2018							2017 Total
	Unrestricted			Total	Temporarily restricted	Permanently restricted	Total	
	General operating	Board designated	Redevelopment and other physical plant (note 3)					
Revenue:								
Contributions, private grants, and bequests	\$ 21,270,130	158,109	221,493	21,649,732	13,216,257	805,983	35,671,972	58,955,396
Government grants	839,136	—	—	839,136	979,495	—	1,818,631	1,561,793
Investment return (note 5):								
Designated for current operations	4,939,199	—	—	4,939,199	5,798,816	—	10,738,015	10,612,877
In excess of amounts designated for current operations	4,241	5,328,822	33,683	5,366,746	6,987,924	—	12,354,670	23,591,157
Net realized and unrealized gain on swap agreements (note 8)	—	—	11,332,276	11,332,276	—	—	11,332,276	18,317,167
Box office and other program service revenue	12,533,282	—	—	12,533,282	—	—	12,533,282	11,276,497
Facilities services (note 9)	31,224,891	3,803,490	—	35,028,381	—	—	35,028,381	34,899,674
Rental income	31,245,853	—	—	31,245,853	—	—	31,245,853	35,621,815
Other income	3,602,320	52,432	1,092,133	4,746,885	—	—	4,746,885	3,789,161
Special event revenue, net of expenses of \$1,670,248 and \$1,196,481 in 2018 and 2017, respectively	9,220,949	—	—	9,220,949	—	—	9,220,949	9,619,469
Provision for restricted pledges	—	—	—	—	(6,000,000)	—	(6,000,000)	—
Net assets released from restrictions	20,827,311	(235,107)	994,606	21,586,810	(21,586,810)	—	—	—
Total revenue	<u>135,707,312</u>	<u>9,107,746</u>	<u>13,674,191</u>	<u>158,489,249</u>	<u>(604,318)</u>	<u>805,983</u>	<u>158,690,914</u>	<u>208,245,006</u>
Expenses (note 13):								
Program services:								
Performance presentations	22,676,222	—	313,417	22,989,639	—	—	22,989,639	22,759,961
Media development (Live from Lincoln Center)	4,536,979	—	—	4,536,979	—	—	4,536,979	5,183,490
Education and outreach	9,823,262	—	501,467	10,324,729	—	—	10,324,729	10,307,228
Facilities management and services	66,651,138	270,511	13,383,417	80,305,066	—	—	80,305,066	82,879,404
Guest services	1,604,635	—	—	1,604,635	—	—	1,604,635	1,479,649
New ventures and special projects	778,463	—	—	778,463	—	—	778,463	2,279,841
Interest and other financing costs, net (note 8)	—	—	9,554,454	9,554,454	—	—	9,554,454	13,830,023
Total program services	<u>106,070,699</u>	<u>270,511</u>	<u>23,752,755</u>	<u>130,093,965</u>	<u>—</u>	<u>—</u>	<u>130,093,965</u>	<u>138,719,596</u>
Supporting services:								
Management and general	25,202,725	—	8,578,824	33,781,549	—	—	33,781,549	24,019,863
Fundraising	7,178,526	—	1,085,165	8,263,691	—	—	8,263,691	8,837,763
Total supporting services	<u>32,381,251</u>	<u>—</u>	<u>9,663,989</u>	<u>42,045,240</u>	<u>—</u>	<u>—</u>	<u>42,045,240</u>	<u>32,857,626</u>
Total expenses	<u>138,451,950</u>	<u>270,511</u>	<u>33,416,744</u>	<u>172,139,205</u>	<u>—</u>	<u>—</u>	<u>172,139,205</u>	<u>171,577,222</u>
(Deficiency) excess of revenue over expenses	<u>(2,744,638)</u>	<u>8,837,235</u>	<u>(19,742,553)</u>	<u>(13,649,956)</u>	<u>(604,318)</u>	<u>805,983</u>	<u>(13,448,291)</u>	<u>36,667,784</u>
Transfers:								
Renewal and replacement reserve	(500,000)	500,000	—	—	—	—	—	—
Investment in fixed assets	—	(2,560,717)	2,560,717	—	—	—	—	—
Transfer from operating reserves	2,529,467	(2,529,467)	—	—	—	—	—	—
Appropriations in excess of designated spending rate (note 14)	864,285	(864,285)	—	—	—	—	—	—
Contributions redesignated by donor	—	—	—	—	2,000,000	(2,000,000)	—	—
Total transfers	<u>2,893,752</u>	<u>(5,454,469)</u>	<u>2,560,717</u>	<u>—</u>	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>—</u>	<u>—</u>
Change in net assets	149,114	3,382,766	(17,181,836)	(13,649,956)	1,395,682	(1,194,017)	(13,448,291)	36,667,784
Net assets at beginning of year	10,610,361	112,260,263	88,178,128	211,048,752	113,503,180	97,619,002	422,170,934	385,503,150
Net assets at end of year	<u>\$ 10,759,475</u>	<u>115,643,029</u>	<u>70,996,292</u>	<u>197,398,796</u>	<u>114,898,862</u>	<u>96,424,985</u>	<u>408,722,643</u>	<u>422,170,934</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows

Year ended June 30, 2018
(with comparative amounts for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (13,448,291)	36,667,784
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized appreciation on investments	(23,957,753)	(34,684,295)
Change in fair value of interest rate swaps	(11,332,276)	(18,317,167)
Depreciation and amortization	14,496,445	13,528,830
Loss on disposition of fixed assets	134,718	—
Contributions and grants restricted for permanent endowment	(805,983)	(312,416)
Contributions restricted for capital assets	(1,400,000)	(25,500,000)
Accounting charge for debt defeasance	—	3,284,199
Changes in operating assets and liabilities:		
Accounts and investment income receivable	1,131,459	444,118
Contributions and grants receivable	19,156,660	8,952,549
Prepaid expenses, inventory, and other assets	1,408,226	(229,157)
Accounts payable and accrued expenses	5,261,363	(2,047,937)
Deferred revenue	(2,093,402)	7,031,239
Net cash used in operating activities	(11,448,834)	(11,182,253)
Cash flows from investing activities:		
Purchase of fixed assets	(5,028,278)	(24,784,739)
Accounts receivable – capital	231,985	(243,807)
Accounts payable and accrued expenses – capital	(955,877)	(1,598,089)
Purchase of investments	(39,265,132)	(34,512,311)
Proceeds from the sale of investments	53,201,552	42,144,403
Change in restricted cash	13,398,911	15,015,606
Net cash provided by (used in) investing activities	21,583,161	(3,978,937)
Cash flows from financing activities:		
Contributions restricted for permanent endowment	805,983	312,416
Contributions restricted for capital assets	1,400,000	25,500,000
Change in contributions receivable for permanent endowment and capital	9,828,562	(13,187,172)
Decrease (increase) in funds held by bond trustee	30,853	(63,210)
Repayments on long-term debt – redevelopment projects	—	(103,638,052)
Repayments on line of credit borrowing	(35,000,000)	(25,000,000)
Proceeds from bond issuance – redevelopment projects	—	104,370,133
Cost of issuance for long-term debt	—	(731,047)
Proceeds from line of credit borrowing	10,000,000	20,000,000
Net cash (used in) provided by financing activities	(12,934,602)	7,563,068
Net decrease in cash and cash equivalents	(2,800,275)	(7,598,122)
Cash and cash equivalents:		
Beginning of year	12,434,734	20,032,856
End of year	\$ 9,634,459	12,434,734
Interest paid	\$ 11,080,775	11,529,245

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

(1) Business

Lincoln Center for the Performing Arts, Inc. (LCPA) was founded in 1956 to develop and maintain a performing arts complex that would sustain and encourage the musical and performing arts. In addition to operating and maintaining some of the performance facilities at the LCPA site in New York City, LCPA provides programs and presents concerts and other performances that supplement the presentations of its fellow constituent organizations (collectively, the Constituents): the Chamber Music Society of Lincoln Center, the Film Society of Lincoln Center, Jazz at Lincoln Center, the Juilliard School, the Vivian Beaumont Theater (the Lincoln Center Theater), the Metropolitan Opera, the City Center for Music and Drama, Inc. (the New York City Ballet), the Philharmonic Symphony Society of New York, Inc. (New York City Philharmonic Orchestra), the New York Public Library for the Performing Arts, and the School of American Ballet. LCPA has agreements with its Constituents to provide certain use of facilities on the Lincoln Center campus, central facility services and to manage the consolidated Corporate Fund which benefits LCPA and its Constituents. Pursuant to these agreements, the costs of providing these services and the funds raised from the consolidated fundraising campaign are allocated among LCPA and its constituents.

On January 12, 2001, Lincoln Center Development Project, Inc. (LCDP) was incorporated to implement and oversee the redevelopment of certain specified components of the campus. On May 24, 2010, LCDP became a wholly owned related entity of LCPA. In July 2012, LCDP amended its Certificate of Incorporation to expand its purposes beyond the boundaries of the Lincoln Center campus. The amendment embraces Lincoln Center's goal of fostering the performing arts to improve the cultural life of communities throughout the United States and the world.

LCPA and LCDP are nonprofit organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

(2) Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of LCPA and LCDP (collectively, Lincoln Center or the Organization). All significant inter-organization balances and transactions have been eliminated in consolidation.

(b) Basis of Presentation

The consolidated financial statements of Lincoln Center have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles.

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Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

(c) Net Asset Classifications

Lincoln Center reports information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions, which stipulate that the resources be maintained permanently, but permit Lincoln Center to expend part or all of the income derived from the resources for either specified or unspecified purposes.
- Temporarily restricted net assets contain donor-imposed restrictions that permit Lincoln Center to expend the resources as specified. The restrictions are satisfied either by the passage of time or by actions of Lincoln Center.
- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have been met. Lincoln Center's board of directors has designated a portion of the unrestricted net assets for renewal and replacement reserves, special operating reserves, investment in fixed assets, and long-term investments (funds functioning as endowment).

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as restricted support that increases temporarily restricted net assets; those restrictions expire when the long-lived assets are placed in service.

(d) Cash and Cash Equivalents

Cash equivalents include investments with original maturities of three months or less at time of purchase, except for such assets held by Lincoln Center's investment managers as part of their long-term investment strategies.

(e) Restricted Cash

Restricted cash consists of cash held as collateral by two major banking institutions under the terms of the interest rate swap agreements.

(f) Investments

Investments with readily determinable fair values in debt and equity securities are reported at fair value based upon the last quoted market price or published net asset value for alternative investment funds with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles) such as limited partnership interests and hedge funds, are stated at estimated fair value, as a practical expedient, based on net asset values provided by the investment managers. Individual investment holdings within the other alternative investments may be invested in both publicly traded securities and less liquid securities, which are valued by the investment managers after

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Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

considering pertinent factors. Lincoln Center reviews and evaluates methods and assumptions used in determining the net asset values of the other alternative investments. Lincoln Center believes that the carrying amount of such alternative investments is a reasonable estimate of fair value as of June 30, 2018 and 2017. Because the other alternative investments do not have readily determinable fair values, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed, and such difference could be material.

(g) Fair Value

Assets and liabilities reported at fair value are required to be classified within a fair value hierarchy which gives preference to the use of observable inputs over unobservable inputs. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices or published net asset value (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

For certain alternative investments, which do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds, fair value is estimated using net asset value per share or its equivalent, as a practical expedient, as reported by the investment managers. In accordance with ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, such investments are excluded from the fair value hierarchy levels.

(h) Fixed Assets

Fixed assets, which are recorded at cost, consist of land, building, leasehold improvements, equipment, works of art and construction in progress for assets owned by Lincoln Center. The Lincoln Center campus includes land and property owned by the City of New York (the City), such as the New York State Theater, Library/Museum, Damrosch Park, the Garage and Josie Robertson Plaza. In addition, certain construction costs of Lincoln Center-owned buildings, e.g., the Rose Building, are owned by other tenant Constituents using the building. Such City-owned properties and construction costs owned by other Constituents using Lincoln Center-owned properties are not included in the accompanying consolidated financial statements.

Costs incurred by Lincoln Center relating to improvements to City-owned facilities, including the public spaces, are expensed as incurred. Lincoln Center has been reimbursed by the City for a portion of those project expenses through an agreement with the NYC Economic Development Corporation.

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June 30, 2018

(with comparative amounts for 2017)

The City-owned garage at Lincoln Center is operated under a License Agreement from the City. Pursuant to the License Agreement with the City, all operating surpluses from the garage are utilized to help fund the security and maintenance expenses for the public areas. If in any year there is an operating deficit, Lincoln Center may apply for reimbursement, but such reimbursement is not guaranteed, and therefore, not recorded as a receivable. If at the end of the year there is an operating surplus, such surplus is reported as a liability in the consolidated balance sheet.

Buildings and building improvements and furniture, fixtures, and equipment are depreciated on the straight-line method over their estimated useful lives (buildings and building improvements – 40 years; furniture, fixtures, and equipment – 3 to 10 years). Works of art are recorded at cost and not depreciated. Normal additions to and replacements of fixed assets below \$25,000 are expensed as incurred.

(i) Deferred Bond Issuance Costs

Bond issuance costs are deferred and amortized on a straight-line basis over the term of the bonds.

The unamortized debt issuance costs related to the recognized debt liability are presented as a direct reduction from the debt liability on the consolidated balance sheet.

(j) Deferred Revenue

Deferred revenue represents cash received and not yet earned by LCPA.

(k) Operating Measure

The change in unrestricted general operating net assets includes operating support and revenue, operating expenses, transfers to a Board designated renewal and replacement reserve, transfers to or from other unrestricted funds, and investment return, based on a spending rate, on certain permanently restricted endowment funds and unrestricted net assets functioning as endowment. The spending rate policy is designed to provide a predictable level of investment return (interest, dividends, and appreciation) in support of operations while maintaining the purchasing power of the endowment. For fiscal years 2018 and 2017, 4.9% and 5.0% of a 20-quarter rolling average market value of such funds was used.

The change in unrestricted general operating net assets excludes depreciation on buildings and equipment, investment return in excess of or less than the spending rate, investment return on renewal and replacement reserves, assessments to constituents for renewal and replacement reserves, bequests, contributions related to gift annuities, contributions restricted for capital projects, revenues and expenses related to the Redevelopment Project and nonrecurring items.

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June 30, 2018

(with comparative amounts for 2017)

(l) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenue at the date the contribution is received or pledged. Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets and are released to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. In 2015, Lincoln Center received a \$100,000,000 contribution of which \$85,000,000 was and remains conditional and will be recognized as construction milestones are met.

Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying consolidated financial statements.

(m) Functional Classification of Expenses

The costs of providing Lincoln Center's programs and other activities have been summarized on a functional basis in the consolidated statement of activities. General and administrative expenses include executive and financial administration, as well as human resources, public relations, in-house legal and information technology. Fundraising activities include salaries and employee benefits of staff that develop proposals for fundraising; solicit contributions; and conduct special fundraising events.

(n) Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

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Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

Significant estimates made in the preparation of these consolidated financial statements include the fair value of other alternative investments, fair value of swap agreements, allowance for uncollectible contributions receivable, the useful lives of fixed assets and the functional classification of expenses. Actual results could differ from those estimates.

(o) Accounting for Uncertainty in Income Taxes

Lincoln Center recognizes the benefit of tax positions when it is more likely than not that the position will be sustainable based on the merits of the position.

(p) Comparative Financial Information

The accompanying consolidated statement of activities is presented with prior year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation; accordingly, such information should be read in conjunction with Lincoln Center's June 30, 2017 consolidated financial statements, from which the summarized information was derived.

(3) The Redevelopment Project

The Redevelopment Project includes the planned refurbishment and redevelopment of David Geffen Hall. Redevelopment expenses, excluding depreciation, interest and other financing costs, represent fundraising and general costs incurred for the Redevelopment Project. For the fiscal years ended June 30, 2018 and 2017, total redevelopment expenses were \$3,037,341 and \$2,040,872, respectively.

LCPA and the New York City Philharmonic Orchestra share certain costs of the Redevelopment Project. The payments received from the New York City Philharmonic Orchestra are recorded as deferred revenue in the accompanying consolidated balance sheet and will be recognized as rental income over the remaining term of the constituency agreement once the asset is put into use. The amounts remaining in deferred revenue at June 30, 2018 and 2017 were \$11,405,409 and \$10,518,547, respectively.

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Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

(4) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2018 and 2017 are expected to be collected as follows:

	2018	2017
Capital campaign:		
Within one year	\$ 30,742,281	30,495,845
One to five years	31,870,001	48,993,334
More than five years	400,000	2,800,000
	63,012,282	82,289,179
Less discount to present value at rates ranging from 0.39% to 3.08%	(609,063)	(1,173,400)
Total capital campaign	62,403,219	81,115,779
Program and endowment:		
Within one year	18,016,786	14,322,407
One to five years	6,524,053	9,585,887
More than five years	2,939,120	4,056,620
	27,479,959	27,964,914
Less discount to present value at rates ranging from 0.39% to 2.91%	(417,385)	(539,678)
Total program and endowment	27,062,574	27,425,236
Allowance for doubtful accounts	(10,050,000)	(140,000)
Total	\$ 79,415,793	108,401,015

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

Notes to Consolidated Financial Statements

June 30, 2018

(with comparative amounts for 2017)

(5) Investments

Lincoln Center's investments, at estimated fair value hierarchy, consisted of the following at June 30, 2018 and 2017:

	2018	
	Fair Value	Level 1
Cash and cash equivalents	\$ 2,423,204	2,423,204
Fixed income (a)	427,487	427,487
Equities (a):		
Large cap equity	46,929,724	46,929,724
Small/mid cap equity	28,280,906	28,280,906
Alternative investments with readily determinable fair value (b)	16,495,399	16,495,399
	94,556,720	\$ 94,556,720
Alternative investments measured at net asset value as a practical expedient (b):		
International equity	56,799,249	
Large cap equity fund	10,030,445	
Absolute return	51,531,767	
Hedged equity	37,483,812	
Private equity and special situations	8,460,075	
Total alternative investments	164,305,348	
Total investments	\$ 258,862,068	

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(with comparative amounts for 2017)

	2017	
	Fair Value	Level 1
Cash and cash equivalents	\$ 912,612	912,612
Fixed income (a)	491,091	491,091
Equities (a):		
Large cap equity	41,268,048	41,268,048
Small/mid cap equity	28,699,860	28,699,860
Alternative investments with readily determinable fair value (b)	20,471,033	20,471,033
	91,842,644	\$ 91,842,644
Alternative investments measured at net asset value as a practical expedient (b):		
International equity	51,899,328	
Large cap equity fund	9,568,960	
Absolute return	50,100,174	
Hedged equity	40,074,947	
Private equity and special situations	5,354,682	
Total alternative investments	156,998,091	
Total investments	\$ 248,840,735	

(a) Marketable Securities

Fixed income consists primarily of U.S. Treasury notes. Equities consist of a diversified portfolio principally including securities with large market capitalizations, managed by growth, value, and quantitative disciplines.

(b) Alternative Investments

Alternative investments represent limited partnership and similar interests in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund.

Fixed Income – This category includes a fund that invests primarily in U.S. Treasury Notes, Municipal Bonds, Corporate Bonds, Federal Home Loan Mortgage Corp., Federal National Mortgage Association, and Government National Mortgage Association mortgage backed securities. Redemptions are allowed daily.

International Equity – This category includes investments in funds that focus on long only international equities. There is exposure to both developed and emerging markets. Redemptions are allowed at a frequency that ranges from weekly to annually.

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Large Cap Equity Fund – This category includes long only investments in domestic and foreign, mid – and large cap stocks. Redemptions are allowed quarterly with 30 days’ notice.

Absolute Return – This category includes multi-strategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and attempting to capture the alpha in mis-priced assets/securities across conventional and alternative financial strategies. Managers initiate long and short positions targeting solid absolute risk adjusted returns. Some funds are subject to a lock up period up to two years. For those investments not subject to a lock up provision, redemptions are allowed at a frequency that ranges from monthly to annually.

Hedged Equity – This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Managers of the hedge funds have the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia, and Emerging Markets. Some funds are subject to a lock up period up to three years. For those investments not subject to a lock up provision, redemptions are allowed at a frequency that ranges from quarterly to annually.

Private Equity and Special Situations – This category includes funds that focus on early stage venture capital, including investments in the technology, energy, retail and life science sectors, and funds that invest primarily in a diversified portfolio of residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations and special situations. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. All funds are subject to lock up provisions. At June 30, 2018, Lincoln Center’s investments in these funds had remaining estimated lives of up to ten years. Remaining commitments to the funds in this category total \$13,096,518 as of June 30, 2018.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

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Lincoln Center's alternative investments contain various redemption period restrictions with required written notice ranging from 1 to 90 days. As of June 30, 2018, the following table summarizes the composition of such investments by the various redemption provisions:

Redemption period	Amount
Daily	\$ 16,495,399
Weekly	5,475,332
Monthly	45,309,485
Quarterly	48,759,678
Semiannual	8,803,680
Annual	37,987,751
Lock up	17,969,422
Total	\$ 180,800,747

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

	2018	2017
Interest and dividend income	\$ 489,970	808,948
Investment management and custodial fees	(1,355,038)	(1,289,209)
Net appreciation in fair value of investments	23,957,753	34,684,295
Total investment return	23,092,685	34,204,034
Less investment return available under spending policy, including temporarily restricted amounts of \$5,798,816 and \$5,704,680 in 2018 and 2017, respectively	10,738,015	10,612,877
Investment return greater than amounts available under spending policy, including temporarily restricted amounts of \$6,987,924 and \$12,881,669 in 2018 and 2017, respectively	\$ 12,354,670	23,591,157

**LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
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June 30, 2018

(with comparative amounts for 2017)

(6) Fixed Assets

Fixed assets balances were as follows at June 30:

	2018	2017
Land	\$ 15,513,280	15,513,280
Building and building improvements	525,399,696	521,155,129
Furniture, fixtures, and equipment	19,799,134	16,166,178
Fountain and works of art	1,690,114	1,690,114
Leasehold improvements	28,373,724	28,207,974
Construction in progress	29,190,417	33,072,611
Total fixed assets	619,966,365	615,805,286
Less accumulated depreciation and amortization	(270,353,440)	(255,020,624)
Fixed assets, net	\$ 349,612,925	360,784,662

Total depreciation expense for fiscal years ended June 30, 2018 and 2017 was \$16,065,297 and \$14,505,276, respectively.

(7) Lines of Credit

On March 15, 2018, Lincoln Center amended the \$100,000,000 revolving credit note agreement bearing interest at LIBOR plus 50bps with a 0.10% nonuse fee that was entered into March 15, 2016. The amendment extended the agreement until March 15, 2020. There was no outstanding balance as of June 30, 2018. The outstanding balance at June 30, 2017 was \$25,000,000, with varying repayment dates within 60 days of year-end.

(8) Long-Term Debt

Long-term debt at June 30, 2018 and 2017 consists of the following:

	2018	2017
Trust for Cultural Resources of The City of New York:		
Series 2008A Revenue Bonds	\$ 151,250,000	151,250,000
Series 2016A Revenue Bonds	87,575,000	87,575,000
Long-term debt	238,825,000	238,825,000
Unamortized bond premium	14,135,904	15,815,417
Unamortized debt issuance costs	(1,253,542)	(1,364,203)
Total long-term debt	\$ 251,707,362	253,276,214

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In fiscal year 2006, Lincoln Center entered into a long-term tax-exempt borrowing in the amount of \$150,000,000 with the Trust for Cultural Resources of The City of New York (the Trust) for the purpose of financing, through proceeds from the Series 2006A Revenue Bonds (Series 2006A Bonds), certain costs of the previous Redevelopment Projects. The Series 2006A Bonds were refunded in July 2008 with the issuance, through the Trust, of \$151,250,000 Series 2008A variable rate tax exempt bonds (Series 2008A Bonds). The Series 2008A Bonds are due December 1, 2035 and were secured by two irrevocable direct pay letters of credit issued by two major banks that expired on June 17, 2015. In June 2015 with the expiration of these two letters of credit, the 2008A Bonds totaling \$151,250,000 were purchased by Banc of America Capital Corporation through a bank direct purchase, which is subject to a mandatory tender in June 2020. The bond is integrated with the below mentioned fixed interest rate swaps totaling \$145,000,000.

In November 2016, Lincoln Center, in conjunction with the Trust, refinanced existing bonds through the issuance of \$87,575,000 of long-term tax-exempt Series 2016A Revenue Bonds (Series 2016A Bonds). The Series 2016A Bonds mature December 1, 2026, bear interest at 5% per annum and were issued at a premium of \$16,795,133. The prior bonds were deemed legally defeased at the time of refinancing. Although the refunding and issuance of new bonds generates economic benefits expected to be realized over the life of the bonds, the transaction resulted in an accounting charge of approximately \$3,284,000, which includes the write-off of related unamortized bond issuance costs of \$174,486 and net premium of (\$528,339) and is reported as interest expense and other financing costs on the accompanying consolidated statement of activities as of June 30, 2017.

Effective January 17, 2006, Lincoln Center entered into a fixed rate interest swap agreement with a major investment banking institution as a hedge on \$95,000,000 of variable rate debt. Such agreement expires on June 1, 2034. Under the terms of the agreement, Lincoln Center pays interest at a predetermined fixed rate of 3.70% and receives a variable rate. The collateral on this agreement was \$10,311,558 and \$18,930,469 at June 30, 2018 and 2017, respectively.

Lincoln Center also has an interest rate swap contract for \$50,000,000 with a major bank in which Lincoln Center pays at a predetermined fixed rate of 4.01% and receives a variable rate, which expires on September 1, 2038. The collateral on this agreement was \$5,587,152 and \$10,367,152 at June 30, 2018 and 2017, respectively.

The collateral held under these agreements is reported as restricted cash on the accompanying consolidated balance sheet.

The aggregate estimated fair value of these two agreements is \$(36,837,135) and \$(48,169,411) at June 30, 2018 and 2017, respectively. Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments and is considered to be Level 2 in the fair value hierarchy. Such amount is recorded as a liability in the consolidated balance sheets. Unrealized gains of \$11,332,276 and \$18,317,167 on these swaps are reflected in the consolidated statements of activities for the years ended June 30, 2018 and 2017, respectively.

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Interest expense reported in the consolidated statements of activities related to long-term debt is \$11,080,775 and \$11,529,245 in 2018 and 2017, respectively.

(9) Rose Building Garage

In 1990, Lincoln Center entered into a management agreement with Performance Parking LLC for management of the Rose Building Garage, which expired on June 30, 2018. Under terms of the agreement, as amended, Performance Parking LLC is entitled to the net receipts and pays Lincoln Center an annual amount. Lincoln Center received \$2,826,323 and \$2,770,905 in fiscal years 2018 and 2017, respectively. Such agreement provides for an increase each year of 2%, subject to further escalation as defined in the agreement.

(10) Net Assets

Net assets at June 30, 2018 and 2017 were available for the following purposes:

	2018	2017
Unrestricted:		
General operating	\$ 10,759,475	10,610,361
Board designated:		
Board-designated endowment funds	109,089,812	104,702,273
Renewal and replacement reserves	5,932,320	4,407,627
Operations – special reserves	620,897	3,150,363
Total board designated	115,643,029	112,260,263
Redevelopment and other physical capital	70,996,292	88,178,128
Total unrestricted	197,398,796	211,048,752
Temporarily restricted for:		
Program support, primarily accumulated gains on endowment of \$53,329,808 and \$46,365,144 in 2018 and 2017, respectively	70,527,444	62,791,273
Lincoln Center Redevelopment Projects and other capital	44,371,418	50,711,907
Total temporarily restricted	114,898,862	113,503,180
Permanently restricted – endowment funds, income restricted for various programs	96,424,985	97,619,002
Total net assets	\$ 408,722,643	422,170,934

**LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
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June 30, 2018

(with comparative amounts for 2017)

(11) Pension Plan

Lincoln Center participates in a multiple employer defined benefit pension plan (the Plan) along with certain of its Constituents, which covers substantially all nonunion employees. Employers' contributions to the plan are commingled and available to pay the benefits of all plan participants. As of June 30, 2017 and 2016 (the most recent actuarial valuation information available), the actuarial value of plan assets was \$72,168,828 and \$69,856,659, the actuarial accrued liability was \$87,363,710 and \$73,333,894, and the funded percentage was 83% and 95%, respectively. In addition, at June 30, 2017 and 2016, the fair value of plan net assets available for benefits was \$68,771,690 and \$60,724,263, the present value of accumulated benefit obligation was \$87,218,761 and \$72,571,959, and the funded percentage based on the fair value of plan net assets was 79% and 84%, respectively. For fiscal years 2018 and 2017, Lincoln Center contributed \$3,148,231 and \$1,409,596, respectively, to the nonunion pension plan.

The Plan was amended to include a modified freeze effective July 1, 2017. Current participants will maintain a modified pension benefit. Employees hired after June 30, 2017 will not be eligible to participate in the Plan. Such employees will be able to participate in a modified 403(b) Plan, subject to eligibility requirements.

Lincoln Center also participates in two significant multiemployer pension plans based upon collective bargaining agreements. The two plans are outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status is available at each plan's year end. The zone status is based on information that Lincoln Center received from the plan sponsor and, as required by the PPA, is certified by the plan's actuary. Both plans certified a green zone status for the plan years ended 2017 and 2016. Similarly, neither plan imposed a surcharge as part of their respective collective bargaining agreements. In addition, Lincoln Center would be responsible for any withdrawal liability under the agreements with the unions.

<u>Pension fund</u>	<u>EIN</u>	<u>Plan year-end</u>	<u>Contributions from LCPA</u>		<u>Agreement expiration</u>
			<u>2018</u>	<u>2017</u>	
32 BJ/Broadway League Pension Fund	13-1998219	12/31/2017	\$ 595,930	578,754	8/31/2019 10/31/2018
Treasurers and Ticket Sellers Local 751 Pension Fund	13-6164776	8/31/2017	153,886	152,541	8/31/2020

Lincoln Center also participates in ten plans that are not considered significant. Lincoln Center contributed less than 5% of the total contributions to these plans, which collectively amounted to \$1,071,529 and \$1,203,564 for fiscal years 2018 and 2017, respectively.

(12) Litigation

Lincoln Center is involved in several legal proceedings and claims. Management believes that the liabilities, if any, resulting from such proceedings will not have a material adverse effect on the financial condition of Lincoln Center.

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(with comparative amounts for 2017)

(13) Functional Expenses

For fiscal year 2018 (with summary totals for fiscal year 2017), the following schedule describes management's allocation of expenses by natural classification to Lincoln Center's various functional categories:

	<u>Program expenses</u>	<u>Management and general</u>	<u>Fund raising</u>	<u>2018</u>	<u>2017</u>
	(In thousands)				
Salaries and benefits	\$ 56,514	19,947	4,940	81,401	80,152
Artists and performing fees	12,780	—	—	12,780	12,748
Legal and other professional fees	887	2,863	493	4,243	5,180
Travel and entertainment	984	362	278	1,624	1,551
Equipment, production, and space rental	9,005	239	4	9,248	11,077
Advertising and promotion	2,910	316	421	3,647	3,893
Insurance	1,588	79	—	1,667	1,721
Facilities management	10,717	2,088	193	12,998	11,093
Utilities	7,167	44	—	7,211	7,168
Other	3,924	6,406	1,371	11,701	8,659
Depreciation	14,064	1,437	564	16,065	14,505
Interest and other financing costs	9,554	—	—	9,554	13,830
Total	<u>\$ 130,094</u>	<u>33,781</u>	<u>8,264</u>	<u>172,139</u>	<u>171,577</u>

(14) Endowment Funds

Lincoln Center's endowment consists of 67 individual funds, including both donor-restricted endowment funds and amounts designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Lincoln Center has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing Lincoln Center to appropriate for expenditures or accumulate so much of a donor-restricted endowment fund as Lincoln Center determines is prudent considering the uses, benefits, purposes, and duration for which the donor-restricted endowment fund is established, subject to the intent of the donor. Lincoln Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to protect the original value of the gift after inflation. Under this policy, the endowment assets are invested in a manner that is intended to produce results consistent with Lincoln Center's overall investment strategy.

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Accounting guidance associated with NYPMIFA requires the portion of the donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Lincoln Center classifies as permanently restricted net assets the original value of gifts to the permanent endowment and the investment return required by the donor to be added to the permanent endowment.

The net asset classes of Lincoln Center's endowment funds, including contributions receivable of \$66,991 and \$3,476,008 and split interest agreements of \$988,850 and \$1,152,085 as of June 30, 2018 and 2017, respectively are as follows:

		June 30, 2018			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted funds	\$	—	53,329,808	96,424,985	149,754,793
Board-designated fund		109,089,812	—	—	109,089,812
Total endowment	\$	109,089,812	53,329,808	96,424,985	258,844,605

		June 30, 2017			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted funds	\$	—	46,365,144	97,619,002	143,984,146
Board-designated fund		104,702,273	—	—	104,702,273
Total endowment	\$	104,702,273	46,365,144	97,619,002	248,686,419

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(with comparative amounts for 2017)

The following tables present changes in Lincoln Center's endowment funds, including contributions receivable, for the years ended June 30, 2018 and 2017:

	June 30, 2018			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2017	\$ 104,702,273	46,365,144	97,619,002	248,686,419
Interest and dividends	178,136	311,834	—	489,970
Investment management and custodial fees	(603,491)	(751,547)	—	(1,355,038)
Net realized and unrealized appreciation on investments	10,731,300	13,226,453	—	23,957,753
Contributions and designations, net	158,109	—	(1,194,017)	(1,035,908)
Amounts appropriated for operations	(4,939,199)	(5,798,816)	—	(10,738,015)
Other	(273,031)	(23,260)	—	(296,291)
Appropriations in excess of designated spending rate	(864,285)	—	—	(864,285)
Endowment net assets, June 30, 2018	<u>\$ 109,089,812</u>	<u>53,329,808</u>	<u>96,424,985</u>	<u>258,844,605</u>

	June 30, 2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2016	\$ 98,987,272	33,530,648	97,306,586	229,824,506
Interest and dividends	332,924	476,024	—	808,948
Investment management and custodial fees	(587,224)	(701,985)	—	(1,289,209)
Net realized and unrealized appreciation on investments	15,871,985	18,812,310	—	34,684,295
Contributions and designations, net	130,000	—	312,416	442,416
Amounts appropriated for operations	(4,908,197)	(5,704,680)	—	(10,612,877)
Other	(1,545,950)	(47,173)	—	(1,593,123)
Appropriations in excess of designated spending rate	(3,578,537)	—	—	(3,578,537)
Endowment net assets, June 30, 2017	<u>\$ 104,702,273</u>	<u>46,365,144</u>	<u>97,619,002</u>	<u>248,686,419</u>

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the fund. Deficiencies of this nature are reported as unrestricted net assets. There were no funds with deficiencies at June 30, 2018 or 2017.

**LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
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June 30, 2018

(with comparative amounts for 2017)

(b) Return Objectives and Risk Parameters

Lincoln Center has adopted investment policies for its endowment that attempt to provide a reasonable level of support, as determined by Lincoln Center's spending policy, while seeking to preserve the real value of the endowment assets over time. Lincoln Center relies on a total return strategy under which investment returns are achieved through both appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class, as well as by investment manager and style, with a focus on achieving long-term return objectives within prudent risk constraints.

(15) Related Party Transactions

Members of Lincoln Center's Board of Directors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Lincoln Center. For senior management, Lincoln Center requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with Lincoln Center. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of Lincoln Center, and to undertake periodic review of continuing such relationships. Lincoln Center has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors can participate in any decision in which he or she (or immediate family member) has a material financial interest. Each director is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether Lincoln Center does business with an entity in which the director has a material financial interest. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of Lincoln Center, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant.

(16) Subsequent Events

Events that have occurred subsequent to June 30, 2018 have been evaluated through November 13, 2018, the date LCPA's consolidated financial statements were available to be issued, and no additional subsequent event disclosures were identified.

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

Consolidating Balance Sheet

June 30, 2018

	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Assets					
Cash and cash equivalents	\$ 9,465,777	168,682	9,634,459	—	9,634,459
Restricted cash	15,898,710	—	15,898,710	—	15,898,710
Accounts and investment income receivable	14,769,088	365,275	15,134,363	(361,300)	14,773,063
Contributions and grants receivable, net	79,415,793	—	79,415,793	—	79,415,793
Prepaid expenses, inventory, and other assets	8,827,483	5,075	8,832,558	—	8,832,558
Investments	258,862,068	—	258,862,068	—	258,862,068
Fixed assets, net	<u>349,415,238</u>	<u>197,687</u>	<u>349,612,925</u>	<u>—</u>	<u>349,612,925</u>
Total assets	<u>\$ 736,654,157</u>	<u>736,719</u>	<u>737,390,876</u>	<u>(361,300)</u>	<u>737,029,576</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 20,737,957	632,981	21,370,938	(361,300)	21,009,638
Deferred revenue	18,752,798	—	18,752,798	—	18,752,798
Fair value of interest rate swaps	36,837,135	—	36,837,135	—	36,837,135
Long-term debt	<u>251,707,362</u>	<u>—</u>	<u>251,707,362</u>	<u>—</u>	<u>251,707,362</u>
Total liabilities	<u>328,035,252</u>	<u>632,981</u>	<u>328,668,233</u>	<u>(361,300)</u>	<u>328,306,933</u>
Commitments and contingencies					
Net assets:					
Unrestricted:					
General operating	10,759,475	—	10,759,475	—	10,759,475
Board designated	115,643,029	—	115,643,029	—	115,643,029
Redevelopment and other physical capital	<u>70,892,554</u>	<u>103,738</u>	<u>70,996,292</u>	<u>—</u>	<u>70,996,292</u>
Total unrestricted	197,295,058	103,738	197,398,796	—	197,398,796
Temporarily restricted	114,898,862	—	114,898,862	—	114,898,862
Permanently restricted	<u>96,424,985</u>	<u>—</u>	<u>96,424,985</u>	<u>—</u>	<u>96,424,985</u>
Total net assets	<u>408,618,905</u>	<u>103,738</u>	<u>408,722,643</u>	<u>—</u>	<u>408,722,643</u>
Total liabilities and net assets	<u>\$ 736,654,157</u>	<u>736,719</u>	<u>737,390,876</u>	<u>(361,300)</u>	<u>737,029,576</u>

See accompanying independent auditors' report.

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

Consolidating Statement of Activities

Year ended June 30, 2018

	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Revenue:					
Contributions, private grants, and bequests	\$ 35,671,972	—	35,671,972	—	35,671,972
Government grants	1,818,631	—	1,818,631	—	1,818,631
Investment return:					
Designated for current operations	10,738,015	—	10,738,015	—	10,738,015
In excess of amounts designated for current operations	12,354,670	—	12,354,670	—	12,354,670
Net realized and unrealized gain on swap agreements	11,332,276	—	11,332,276	—	11,332,276
Box office and other program service revenue	12,533,282	—	12,533,282	—	12,533,282
Facilities services	35,028,817	—	35,028,817	(436)	35,028,381
Rental income	31,244,953	—	31,244,953	900	31,245,853
Other income	4,746,885	4,706,850	9,453,735	(4,706,850)	4,746,885
Special event revenue, net of expenses of \$1,670,248	9,220,949	—	9,220,949	—	9,220,949
Provision for restricted pledges	(6,000,000)	—	(6,000,000)	—	(6,000,000)
Total revenue	<u>158,690,450</u>	<u>4,706,850</u>	<u>163,397,300</u>	<u>(4,706,386)</u>	<u>158,690,914</u>
Expenses:					
Program services:					
Performance presentations	22,989,639	—	22,989,639	—	22,989,639
Media development (Live from Lincoln Center)	4,536,979	—	4,536,979	—	4,536,979
Education and outreach	10,324,729	—	10,324,729	—	10,324,729
Facilities management and services	80,304,602	—	80,304,602	464	80,305,066
Guest services	1,604,635	—	1,604,635	—	1,604,635
New ventures and special projects	778,463	—	778,463	—	778,463
Redevelopment projects	—	2,314,524	2,314,524	(2,314,524)	—
Interest and other financing costs, net	9,554,454	—	9,554,454	—	9,554,454
Total program services	<u>130,093,501</u>	<u>2,314,524</u>	<u>132,408,025</u>	<u>(2,314,060)</u>	<u>130,093,965</u>
Supporting services:					
Management and general	33,811,498	2,362,377	36,173,875	(2,392,326)	33,781,549
Fundraising	8,263,691	—	8,263,691	—	8,263,691
Total supporting services	<u>42,075,189</u>	<u>2,362,377</u>	<u>44,437,566</u>	<u>(2,392,326)</u>	<u>42,045,240</u>
Total expenses	<u>172,168,690</u>	<u>4,676,901</u>	<u>176,845,591</u>	<u>(4,706,386)</u>	<u>172,139,205</u>
Change in net assets	(13,478,240)	29,949	(13,448,291)	—	(13,448,291)
Net assets at beginning of year	422,097,145	73,789	422,170,934	—	422,170,934
Net assets at end of year	<u>\$ 408,618,905</u>	<u>103,738</u>	<u>408,722,643</u>	<u>—</u>	<u>408,722,643</u>

See accompanying independent auditors' report.