THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2016

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

TABLE OF CONTENTS

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Vivian Beaumont Theater, Inc.
(d/b/a Lincoln Center Theater) and
The Board of Trustees of
The 2002 Lincoln Center Theater Supporting Foundation

We have audited the accompanying financial statements of The Vivian Beaumont Theater, Inc. (d/b/a Lincoln Center Theater) (a not-for-profit corporation) (combined with The 2002 Lincoln Center Theater Supporting Foundation, a charitable trust), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Vivian Beaumont Theater, Inc. (d/b/a Lincoln Center Theater) (a not-for-profit corporation) (combined with The 2002 Lincoln Center Theater Supporting Foundation, a charitable trust) as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Vivian Beaumont Theater, Inc.'s (d/b/a Lincoln Center Theater) (a not-for-profit corporation) (combined with The 2002 Lincoln Center Theater Supporting Foundation, a charitable trust) 2015 financial statements, and our report dated October 28, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lutz + Carr, LLP

New York, New York
October 25, 2016

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	The Vivian Beaumont Theater, Inc.					The 2002 Lincoln Center Theater Supporting Foundation	Total 2016	Total 2015
	Unrestricted							
	Operating	Board-Designated	Total	Temporarily Restricted	Permanently Restricted			
Assets								
Current Assets								
Cash and cash equivalents (Notes 1b and 4)	$ 7,621,321	$ -	$ 7,621,321	$ 5,077,130	$ -	$ -	$ 12,698,451	$ 14,918,974
Unconditional promises to give (Notes 1c and 6)	807,143	233,334	1,040,477	2,525,000	-	-	3,565,477	3,467,449
Accounts receivable	319,517	-	319,517	-	-	-	319,517	1,018,163
Prepaid production costs and other current assets (Note 1f)	1,098,977	-	1,098,977	-	-	-	1,098,977	3,064,693
Restricted certificates of deposit (Note 4)	469,743	-	469,743	-	-	-	469,743	379,199
Total Current Assets	10,316,701	233,334	10,550,035	7,602,130	-	-	18,152,165	22,848,478
Non-Current Assets								
Unconditional promises to give (Notes 1c and 6)	24,629	-	24,629	1,355,570	-	-	1,380,199	3,399,302
Beneficial interest in charitable trust (Note 7)	-	-	-	1,184,437	-	-	1,184,437	1,150,188
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 8)	41,930,055	-	41,930,055	-	-	-	41,930,055	44,635,965
Investments (Notes 1d, 1e, 3 and 5)	350,349	22,464,261	22,814,610	17,438,050	57,298,512	2,873,699	100,424,871	111,212,497
Total Assets	$52,621,734	$22,697,595	$75,319,329	$27,580,187	$57,298,512	$ 2,873,699	$163,071,727	$183,246,430

See notes to financial statements.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	The Vivian Beaumont Theater, Inc.					The 2002 Lincoln Center Theater Supporting Foundation	Total 2016	Total 2015
	Unrestricted			Temporarily Restricted	Permanently Restricted			
	Operating	Board-Designated	Total					
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 2,884,724	$ -	$ 2,884,724	$ -	$ -	$ -	$ 2,884,724	$ 3,642,204
Advance box office sales (Note 1h)	604,778	-	604,778	-	-	-	604,778	8,699,580
Deferred membership fees (Notes 1h and 9)	575,342	-	575,342	-	-	-	575,342	587,129
Total Current Liabilities	4,064,844	-	4,064,844	-	-	-	4,064,844	12,928,913
Non-Current Liabilities								
Loan - Supporting Foundation (Note 2d)	1,204,126	-	1,204,126	-	-	(1,204,126)	-	-
Total Liabilities	5,268,970	-	5,268,970	-	-	(1,204,126)	4,064,844	12,928,913
Commitments and Contingency (Notes 5, 10, 11 and 12)								
Net Assets								
Operating	5,422,709	-	5,422,709	-	-	-	5,422,709	7,550,464
Property and equipment	41,930,055	-	41,930,055	-	-	-	41,930,055	44,635,965
Operating reserve (Note 2a-1)	-	4,700,000	4,700,000	-	-	-	4,700,000	4,700,000
Bernard Gersten LCT Productions Fund (Note 2a-2)	-	2,835,930	2,835,930	-	-	-	2,835,930	2,830,642
Quasi-endowment (Note 2a-3)	-	14,188,988	14,188,988	-	-	-	14,188,988	15,784,955
Temporarily restricted (Notes 2b and 2d)	-	-	-	10,142,139	-	4,077,825	14,219,964	10,686,463
Cash reserve (Note 2c-1)	-	-	-	166,548	941,307	-	1,107,855	1,232,353
Lila Acheson & DeWitt Wallace endowment (Note 2c-2)	-	-	-	15,229,946	45,324,387	-	60,554,333	67,363,721
Doris Duke Charitable Foundation endowment (Note 2c-3)	-	1,090,057	1,090,057	514,457	2,800,609	-	4,405,123	4,900,155
Other endowments (Note 2c-4)	-	(117,380)	(117,380)	1,527,097	8,232,209	-	9,641,926	10,632,799
Total Net Assets	47,352,764	22,697,595	70,050,359	27,580,187	57,298,512	4,077,825	159,006,883	170,317,517
Total Liabilities and Net Assets	$52,621,734	$22,697,595	$75,319,329	$27,580,187	$57,298,512	$ 2,873,699	$163,071,727	$183,246,430

See notes to financial statements.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	The Vivian Beaumont Theater, Inc.								The 2002 Lincoln Center Theater Supporting Foundation (Note 2d)		
	Unrestricted										
	Operating										
	Regular Program	Extended Program	Property and Equipment	Operating and Production Reserves	Quasi-Endowment	Total	Temporarily Restricted	Permanently Restricted		Total 2016	Total 2015
Changes in Net Assets											
Revenue, Gains and Public Support											
Box office revenue and admission fees	$ 4,319,076	$32,676,324	$ -	$ -	$ -	$36,995,400	$ -	$ -	$ -	$ 36,995,400	$ 14,061,846
Membership fees (Note 9)	1,342,037	-	-	-	-	1,342,037	-	-	-	1,342,037	1,389,592
Theater rental fees and surcharges	13,525	-	-	-	-	13,525	-	-	-	13,525	157,968
Share of Lincoln Center garage revenue and city funding for public areas (Note 11)	304,657	-	-	-	-	304,657	-	-	-	304,657	348,129
Royalties	44,700	18,422	-	-	-	63,122	-	-	-	63,122	99,253
Television and recording income	-	5,750	-	-	-	5,750	-	-	-	5,750	6,572
Set and costume sales and rentals	518	-	-	-	-	518	-	-	-	518	2,570
Merchandise and concession income	202,656	52,461	-	-	-	255,117	-	-	-	255,117	109,491
Miscellaneous revenue	245,310	-	-	-	-	245,310	-	-	-	245,310	88,873
Total from Earned Revenue	6,472,479	32,752,957	-	-	-	39,225,436	-	-	-	39,225,436	16,264,294
Interest and dividends	37,659	-	-	83,137	202,601	323,397	995,391	-	77,038	1,395,826	1,696,627
Realized gain (loss) on investments, net of investment fees and expenses of $832,856 (2016) and $986,704 (2015)	(223,539)	-	-	322,817	786,695	885,973	3,816,332	-	5,128	4,707,433	5,043,065
Unrealized gain (loss) on investments	(182,250)	-	-	(791,646)	(2,021,884)	(2,995,780)	(9,291,045)	-	71,025	(12,215,800)	(3,256,156)
Endowment funds released by Board-approved spending allowance	4,352,846	-	-	-	(778,839)	3,574,007	(3,574,007)	-	-	-	-
Release of endowment funds designated for special purposes	91,763	-	-	-	-	91,763	(91,763)	-	-	-	-
Total from Investments	4,076,479	-	-	(385,692)	(1,811,427)	1,879,360	(8,145,092)	-	153,191	(6,112,541)	3,483,536
Contributions	7,298,934	15,000	16,359	5,288	-	7,335,581	5,557,753	-	(88,470)	12,804,864	12,381,007
Gross revenue from fundraising benefits (Note 13)	1,782,025	-	-	-	-	1,782,025	-	-	-	1,782,025	1,820,256
Net assets released for fundraising benefits (Note 13)	25,000	-	-	-	-	25,000	(25,000)	-	-	-	-
Less: Direct costs of fundraising benefits (Note 13)	(247,995)	-	-	-	-	(247,995)	-	-	-	(247,995)	(193,838)
Gersten Fund contributions designated by Board for current year (Note 2a-2) ($1,500,000 in 2015)	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions - satisfaction of time and use restrictions (Note 2b)	2,120,762	-	-	-	-	2,120,762	(2,120,762)	-	-	-	-
Total from Public Support	10,978,726	15,000	16,359	5,288	-	11,015,373	3,411,991	-	(88,470)	14,338,894	14,007,425
Total Revenue, Gains and Public Support	21,527,684	32,767,957	16,359	(380,404)	(1,811,427)	52,120,169	(4,733,101)	-	64,721	47,451,789	33,755,255
Transfers for acquisition of property and equipment	(21,140)	-	21,140	-	-	-	-	-	-	-	-
Transfer to cover investment shortfall in operating and production reserves	(385,692)	-	-	385,692	-	-	-	-	-	-	-
Total Revenue, Gains and Public Support (carried forward)	21,120,852	32,767,957	37,499	5,288	(1,811,427)	52,120,169	(4,733,101)	-	64,721	47,451,789	33,755,255

See notes to financial statements.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	The Vivian Beaumont Theater, Inc.										
	Unrestricted										
	Operating										
	Regular Program	Extended Program	Property and Equipment	Operating and Production Reserves	Quasi-Endowment	Total	Temporarily Restricted	Permanently Restricted	The 2002 Lincoln Center Theater Supporting Foundation (Note 2d)	Total 2016	Total 2015
Changes in Net Assets (continued)											
Total Revenue, Gains and Public Support (brought forward)	$21,120,852	$32,767,957	$ 37,499	$ 5,288	$ (1,811,427)	$52,120,169	$(4,733,101)	$ -	$ 64,721	$ 47,451,789	$ 33,755,255
Expenses											
Program Services											
Theatrical production and operations	7,377,504	32,338,434	-	-	-	39,715,938	-	-	-	39,715,938	16,238,988
Special artistic projects	709,452	-	-	-	-	709,452	-	-	-	709,452	711,203
Artistic management	2,180,897	-	-	-	-	2,180,897	-	-	-	2,180,897	2,062,953
Marketing, membership and outreach	1,627,503	-	-	-	-	1,627,503	-	-	-	1,627,503	1,787,946
Theater building operation	5,652,291	-	2,505,534 *	-	-	8,157,825	-	-	-	8,157,825	7,512,993
Total Program Services	17,547,647	32,338,434	2,505,534	-	-	52,391,615	-	-	-	52,391,615	28,314,083
Supporting Services											
Management and general	3,833,489	-	237,875 *	-	-	4,071,364	-	-	2,450	4,073,814	3,889,795
Fundraising	2,296,994	-	-	-	-	2,296,994	-	-	-	2,296,994	2,151,910
Total Supporting Services	6,130,483	-	237,875	-	-	6,368,358	-	-	2,450	6,370,808	6,041,705
Total Expenses	23,678,130	32,338,434	2,743,409 *	-	-	58,759,973	-	-	2,450	58,762,423	34,355,788
Increase (Decrease) in Net Assets	(2,557,278)	429,523	(2,705,910)	5,288	(1,811,427)	(6,639,804)	(4,733,101)	-	62,271	(11,310,634)	(600,533)
Net decrease from operations of regular and extended programs combined	(2,127,755)										
Net assets, beginning of year	7,550,464		44,635,965	7,530,642	16,973,092	76,690,163	32,313,288	57,298,512	4,015,554	170,317,517	170,918,050
Net Assets, End of Year	$5,422,709		$41,930,055	$ 7,535,930	$15,161,665	$70,050,359	$27,580,187	$57,298,512	$ 4,077,825	$159,006,883	$170,317,517

* Depreciation expense

See notes to financial statements.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016	2015
Cash Flows From Operating Activities		
Decrease in net assets	$(11,310,634)	$ (600,533)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	2,743,409	2,744,939
Net realized and unrealized (gain) loss on investments	6,675,511	(2,773,613)
(Increase) decrease in:		
Unconditional promises to give	1,921,075	858,462
Accounts receivable	698,646	(479,133)
Prepaid production costs and other current assets	1,965,716	(2,714,278)
Beneficial interest in charitable trust	(34,249)	(33,092)
Increase (decrease) in:		
Accounts payable and accrued expenses	(757,480)	2,168,380
Advance box office sales	(8,094,802)	8,392,574
Deferred membership fees	(11,787)	(8,017)
Net Cash Provided (Used) By Operating Activities	(6,204,595)	7,555,689
Cash Flows From Investing Activities		
Purchase of property and equipment	(37,499)	(1,488,591)
Sale of investments	15,141,910	25,796,985
Purchase of investments	(10,729,795)	(19,983,512)
Investment in theatrical limited partnership	(400,000)	(250,000)
Return of investment in theatrical limited partnership	100,000	127,500
Sale of restricted certificate of deposit	-	90,385
Purchase of restricted certificate of deposit	(90,544)	(2,870)
Net Cash Provided By Investing Activities	3,984,072	4,289,897
Cash Flows From Financing Activities		
Permanently restricted contributions received	-	250,000
Net increase (decrease) in cash and cash equivalents	(2,220,523)	12,095,586
Cash and cash equivalents, beginning of year	14,918,974	2,823,388
Cash and Cash Equivalents, End of Year	$ 12,698,451	$14,918,974

See notes to financial statements.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Theater's primary exempt purpose is to promote the study, appreciation and advancement of theater and the performing arts among the general public.

The Theater's operations are divided into regular and extended programs. This division is made to make comparisons of annual operations more informative, since the activity of the extended program varies from year to year. The regular program consists of the activities for which the Theater seeks annual public support. The extended program consists of the operation of productions beyond their originally scheduled run of performances and the transfer of productions to other media.

1 - Regular Program

The 2016 regular program consisted of a season of productions at the Mitzi E. Newhouse Theater at Lincoln Center (*Dada Woof Papa Hot, The Royale,* and *Oslo)* and a season of productions of the LCT3 program at the Claire Tow Theater at Lincoln Center (*Kill Floor, Her Requiem,* and *War).* The 2015 regular program consisted of *The Oldest Boy, The Mystery of Love and Sex, The King and I, Shows for Days, Brownsville Song, Verité,* and *Preludes.*

The Theater also sponsored various special artistic projects such as the Playwrights Program, the Directors Lab, commissions for new plays and operas, and the *Lincoln Center Theater Review.*

2 - Extended Program

The 2016 extended program consisted of the full-year extended run of *The King and I* at the Vivian Beaumont Theater at Lincoln Center, the two-week extended run of *Preludes* at the Claire Tow Theater, and the original cast recording of *Preludes.* The 2015 extended program consisted of the final four weeks of the extended run of *The City of Conversation* at the Mitzi E. Newhouse Theater, the two-week extended run of *The Who & the What* at the Claire Tow Theater, and the original cast recording of *The King and I.*

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Theater considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

c - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Theater, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of property, plant and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant and equipment with such donor stipulations are reported as temporarily restricted; the restrictions are considered to be released at the time such long-lived assets are placed into service.

The Theater uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Investments

The Theater reflects investments at fair value in the statement of financial position. Investment income on investments is reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income that is restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the investment income is recognized.

Alternative investments, which do not have readily determinable fair values, are reported based upon the underlying net asset value per share or its equivalent as a practical expedient. Net asset value per share is estimated at fair value by the fund manager or general partner in a manner consistent with accounting principles generally accepted in the United States for investment companies. The Theater reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market date obtained from sources independent of the Theater. Unobservable inputs reflect the Theater's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Theater has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

f - Production Costs

Theatrical production costs (net of designated contributions) are amortized using the straight-line method over the estimated remaining run of the production.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Property and Equipment
Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the useful life of the related asset.

h - Revenue Recognition
Box office revenue from theatrical productions is recognized as income when earned, that is, on the date of the performance. Advance box office sales represent unearned income from ticket sales and will be recognized as revenue when the future performance occurs. Membership fee revenue is deferred when received and recognized over the term of the membership.

i - Financial Statement Presentation
The Theater is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

j - Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

k - Advertising Costs
Advertising costs are charged to operations at the time the advertising occurs. Advertising expense for 2016 and 2015 was $5,779,204 and $2,677,396, respectively.

l - Tax Status
The Vivian Beaumont Theater, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

m - Principles of Combination
The accompanying financial statements reflect the combination of the individual financial statements of The Vivian Beaumont Theater, Inc. and The 2002 Lincoln Center Theater Supporting Foundation because the entities have common directors and trustees (Note 2d).

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

n - Subsequent Events
The Theater has evaluated subsequent events through October 25, 2016, the date that the financial statements are considered available to be issued.

o - New Accounting Pronouncements
In May 2015, the FASB issued Accounting Standards Update ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* which amends disclosure requirements of Accounting Standards Codification Topic 820, Fair Value Measurement, for reporting entities that measure the fair value of an investment using the net asset value per share (or its equivalent) as a practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient, and also remove the requirements to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for the fiscal years beginning after December 15, 2016, with early application permitted. The Theater elected to adopt ASU 2015-07 as of June 30, 2016. Where appropriate, disclosures related to 2015 have been adjusted following the early adoption of the ASU 2015-07.

Note 2 - Restrictions on Assets

a - Board-Designated Net Assets

1 - Board-Designated Operating Reserve
The operating reserve was established to meet contingencies (such as funding reductions or emergency expenses) and as a reserve for future projects. Transfers of unrestricted funds to the operating reserve may be made by vote of the Board of Directors. All investment income and gains from the operating reserve may be used for current operations and any investment loss must be replaced from unrestricted funds. All or part of the principal may be expended by vote of the Board of Directors.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2 - Restrictions on Assets (continued)

a - Board-Designated Net Assets (continued)

2 - Bernard Gersten LCT Productions Fund
Special contributions solicited in honor of Bernard Gersten's retirement as Founding Executive Producer were designated by the Board of Directors as the Bernard Gersten LCT Productions Fund and held in reserve to support future theatrical productions. Contributions reserved in this fund may be expended for such productions upon request of the Artistic Director and approval of the Executive Committee of the Board. Investment income and gains from this reserve fund may be used for current operations, and any investment loss must be replaced from unrestricted funds.

During the year ended June 30, 2016, no amount was expended from this fund.

3 - Board-Designated Quasi-Endowment
Transfers of unrestricted funds to the quasi-endowment may be made by vote of the Board of Directors. The principal may be borrowed for operations but must be repaid within two years. No amounts were borrowed during the fiscal years ended June 30, 2016 and 2015. Appropriations are made from the quasi-endowment to operations according to the spending policy applicable to endowment funds.

b - Temporarily Restricted Net Assets
Temporarily restricted net assets at June 30 are restricted for the following purposes:

	2016	2015
Future program and operations	$ 8,494,075	$ 5,467,179
Future capital expenditures	513,057	160,557
Accumulated endowment income and gains not yet appropriated for expenditure	17,059,828	25,194,625
Term endowment	378,220	447,754
Beneficial interest in charitable trust (Note 7)	1,502,000	1,508,000
	27,947,180	32,778,115
Less: Discount to present value	(366,993)	(464,827)
	$27,580,187	$32,313,288

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2 - Restrictions on Assets (continued)

b - Temporarily Restricted Net Assets (continued)
Temporarily restricted net assets which are receivable and due after one year are discounted to net present value using discount rates of 0.5% to 1.5% per annum.

c - Permanently Restricted Net Assets
Permanently restricted net assets consist of the following as of June 30:

1 - Cash Reserve
The permanently restricted cash reserve contains the National Endowment for the Arts (NEA) Challenge grant (and matching funds) designated for institutional stabilization. The principal may be borrowed for operations but must be repaid within two years. Subsequent to its initial grant, the NEA permitted the release from restriction of the amount of its grant at the Theater's discretion. The Theater continues to maintain the NEA's grant and matching funds as a permanent endowment fund (Note 3) which may be borrowed. No amounts were borrowed during the fiscal years ended June 30, 2016 and 2015. Investment income (or loss) from the cash reserve is appropriated to operations according to the general spending policy for endowment funds.

2 - Lila Acheson & DeWitt Wallace Endowment
The Lila Acheson & DeWitt Wallace endowment was established by an agreement dated April 30, 2001. The original fair market value of the Wallace endowment was recorded as $56,655,483. In addition to the annual spending allowance, a "special contribution" of up to 20% of the original fair value of the Wallace endowment is allowed to be expended if two-thirds of the Theater's Board of Directors determines that an extraordinary need exists and the special contribution is matched two-to-one. For this reason, only 80% ($45,324,387) of the original fair market value of the Wallace endowment is classified in these financial statements as permanently restricted, while the remainder is classified as temporarily restricted.

The Wallace endowment may be expended in accordance with the spending policy in effect for the Theater's other endowment funds, even if this spending policy reduces the value of the Wallace endowment below its original fair market value. The "annual contribution" derived from the application of the spending policy to the Wallace endowment must be used to support new works, new or touring productions, or educational and outreach programs.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2 - Restrictions on Assets (continued)

c - Permanently Restricted Net Assets (continued)

3 - Doris Duke Charitable Foundation Endowment
The Duke endowment was established by a grant agreement between the Doris Duke Charitable Foundation and the Theater, in which the Duke Foundation made an endowment challenge grant of $500,000 that was matched on a one-to-one cash basis by endowment funds raised or designated by the Theater.

The earnings on the Duke endowment are allowed to be expended in accordance with the general spending policy in effect for the Theater's other endowment funds (in no case greater than 6%), with expenditures solely for the Theater's artistic programming expenses.

4 - Other Endowments
The Theater's other endowments are subject to the general spending policy applicable to endowment funds, with the exception of certain endowments from which the investment income (or a donor-approved spending allowance) is restricted for special purposes.

d - The 2002 Lincoln Center Theater Supporting Foundation
The 2002 Lincoln Center Theater Supporting Foundation (LCTSF) was established by a trust agreement dated October 30, 2002 between The Peter Jay Sharp Foundation and three trustees, two representing The Vivian Beaumont Theater, Inc. (Lincoln Center Theater) as members of the Theater's Board of Directors, and the third representing the Sharp Foundation. The trust is organized exclusively for the benefit of Lincoln Center Theater. Its specific purpose is to provide an ongoing source of below-market or interest-free financing to the Theater for the presentation of qualifying theatrical works (as defined in the trust agreement). At any time after the assets of LCTSF exceed $2,400,000, the trustees may extend a loan to the Theater for this purpose, in such amount and upon such terms as the trustees determine, provided, however, that the term of any such loan shall not exceed seven years, and no such loan may reduce the value of the assets held by LCTSF below $1,500,000. In the event of the termination of LCTSF, its entire net assets shall be distributed to the Theater (if it is then a qualified charitable organization), to be held as a segregated fund and used to finance theatrical works.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2 - Restrictions on Assets (continued)

d - The 2002 Lincoln Center Theater Supporting Foundation (continued)
Each year, the trustees of LCTSF shall forgive such portion of any outstanding loan to the Theater equal to the net investment income (interest, dividends, and net realized capital gains) of LCTSF in the preceding calendar year.

An interest-free, seven-year loan in the original amount of $1,500,000 was extended by LCTSF to the Theater in October 2013 to finance the production of *Macbeth*. For the year ended June 30, 2016, $88,470 of this loan was forgiven against the net investment income of LCTSF during calendar year 2015, leaving an outstanding balance of $1,204,126.

Note 3 - Endowment Funds

The Theater's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Included as an endowment fund is a cash reserve fund designated as permanently restricted by the original donor (the National Endowment for the Arts), which is invested and used according to the same rules applicable to the permanent endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), the Theater classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Theater.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 3 - Endowment Funds (continued)

In accordance with NYPMIFA, the Theater considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(i) the duration and preservation of the endowment fund;
(ii) the purposes of the Theater and the endowment fund;
(iii) general economic conditions;
(iv) the possible effect of inflation or deflation;
(v) the expected total return from income and the appreciation of investments;
(vi) other resources of the Theater;
(vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Theater; and
(viii) the investment policy of the Theater

The Theater's endowment funds are summarized by type of fund and net asset classification as follows, with fair value of cash and investments as of June 30, 2016 and 2015:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (117,380)	$17,438,048	$57,298,512	$74,619,180
Board-designated endowment funds	15,279,045	-	-	15,279,045
Total Endowment Funds	$15,161,665	$17,438,048	$57,298,512	$89,898,225

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (24,715)	$25,642,379	$57,298,512	$82,916,176
Board-designated endowment funds	16,997,807	-	-	16,997,807
Total Endowment Funds	$16,973,092	$25,642,379	$57,298,512	$99,913,983

The fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the original endowment gift. A deficiency of this nature in the amount of $117,380, with respect to three of the Theater’s endowment funds, is reported in unrestricted net assets at June 30, 2016.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 3 - Endowment Funds (continued)

Changes in the fair value of the cash and investments of the Theater's endowment funds for the years ended June 30, 2016 and 2015 are summarized as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	$16,973,092	$25,642,379	$57,298,512	$99,913,983
Investment Return:				
Interest and dividends	202,601	995,391	-	1,197,992
Realized capital gains, net of investment fees	786,695	3,816,332	-	4,603,027
Unrealized depreciation	(2,021,884)	(9,291,045)	-	(11,312,929)
Total Investment Return	(1,032,588)	(4,479,322)	-	(5,511,910)
Contributions received	-	-	-	-
Appropriation of endowment assets for expenditure	(778,839)	(3,725,009)	-	(4,503,848)
Endowment Funds, End of Year	$15,161,665	$17,438,048	$57,298,512	$89,898,225

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	$17,189,308	$26,556,528	$57,048,512	$100,794,348
Investment Return:				
Interest and dividends	246,475	1,208,736	-	1,455,211
Realized capital gains, net of investment fees	795,849	3,861,469	-	4,657,318
Unrealized depreciation	(518,573)	(2,398,112)	-	(2,916,685)
Total Investment Return	523,751	2,672,093	-	3,195,844
Contributions received	-	-	250,000	250,000
Appropriation of endowment assets for expenditure	(739,967)	(3,586,242)	-	(4,326,209)
Endowment Funds, End of Year	$16,973,092	$25,642,379	$57,298,512	$ 99,913,983

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 3 - Endowment Funds (continued)

The Theater has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. The overall investment objective for the entire endowment portfolio is to maintain an average long-term total return, net of management fees, of at least 5% per year in excess of inflation (as measured by the Consumer Price Index). Actual returns in any given year may vary from this amount.

Under the Theater's investment policy, assets of all endowment funds (except those required by the donor to be invested in a separate account) are pooled together and divided, in a diversified and balanced portfolio, according to asset allocation guidelines defined and monitored by the Investment Committee of the Board of Directors, among various investment managers selected by the Investment Committee, each manager specializing in a particular asset class (such as equities, fixed income, or alternative investments). The objective of each investment manager is to maximize total return (without regard for current income or realized gains), with a level of risk appropriate to the respective asset class, and with the manager's performance evaluated against a benchmark index appropriate for each class (such as the Standard and Poors 500 for U.S. equities).

The Theater's general spending policy, applicable to most of its endowment funds, for the fiscal year ending June 30, 2016, was reviewed (according to the criteria established by NYPMIFA) by the Investment Committee of the Theater's Board of Directors, which concluded that 5 percent of the average fair value of endowment funds over the preceding five fiscal years would be released for expenditure. In establishing this policy, the Theater considered the long-term expected return on its endowment. Accordingly, over the long term, the Theater expects the current spending policy to allow its endowment assets to maintain their purchasing power. However, by explicit consent of the donors of the most substantial portions of the Theater's endowment (the Wallace endowment and the Duke endowment), these endowments may be expended according to this spending policy even if such expenditure (in combination with short-term investment loss) reduces the value of these assets below the value of the original endowment gifts.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 3 - Endowment Funds (continued)

Endowments established for special purposes are subject to spending policies that follow the Theater's general spending allowance (or a variation of it), or in some cases they require that total income and appreciated value (if any) in the current year be expended for the special purpose. In one case, the donor has specified an annual spending allowance (10%) that so far exceeds average annual investment return that it is apparent that the donor does not expect the value of the original gift to be maintained in perpetuity. This term endowment has therefore been classified as temporarily restricted rather than permanently restricted.

Note 4 - Restricted Certificates of Deposit and Concentration of Credit Risk

Restricted certificates of deposit ($469,743 at June 30, 2016) are pledged as collateral for a salary bond under a security agreement with Actors' Equity Association. This amount was $379,199 at June 30, 2015.

Cash and cash equivalents consist of the following at June 30:

	2016	2015
Bank accounts	$ 2,673,317	$ 4,896,073
Money market funds	10,025,134	10,022,901
	$12,698,451	$14,918,974

Bank accounts and certificates of deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for each financial institution. At June 30, 2016, the Theater maintains balances in excess of insured limits. However, the Theater monitors its concentration of credit risk on a regular basis.

Money market funds are not insured by the FDIC and only insured by the Securities Investor Protection Corporation (SIPC).

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5 - Investments

The following summarizes the Theater's investments at June 30, 2016 and 2015:

	2016				
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
The Vivian Beaumont Theater, Inc.					
Marketable debt and equity securities	$ 148,389	$ 154,972	$ 154,972	$ -	$ -
Mutual fund - mixed asset classes	10,669,996	9,780,067	9,780,067	-	-
Mutual fund - fixed income	34,498	34,533	34,533	-	-
Total Assets in Fair Value Hierarchy	10,852,883	9,969,572	9,969,572	-	-
Alternative Investments					
Investment fund - U.S. equities	23,536,724	29,790,510			
Investment funds - non-U.S. equities	19,610,516	18,419,829			
Investment fund - bank loans	3,500,000	3,300,223			
Hedge funds	26,053,842	30,285,799			
Private equity funds	1,911,413	3,428,538			
Private equity - distressed opportunities	706,502	2,356,700			
Total Investments Measured at Net Asset Value	75,318,997	87,581,599			
	86,171,880	97,551,171			
The 2002 Lincoln Center Theater Supporting Foundation					
Mutual funds - fixed income	2,818,819	2,873,700	2,873,700	-	-
Total Investments	$88,990,699	$100,424,871	$12,843,272	$ -	$ -

	2015				
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
The Vivian Beaumont Theater, Inc.					
Marketable debt and equity securities	$ 164,241	$ 160,760	$ 160,760	$ -	$ -
Mutual fund - mixed asset classes	15,630,991	15,255,666	15,255,666	-	-
Mutual fund - fixed income	34,139	33,916	33,916	-	-
Total Assets in Fair Value Hierarchy	15,829,371	15,450,342	15,450,342	-	-
Alternative Investments					
Investment fund - U.S. equities	21,893,793	33,478,408			
Investment funds - non-U.S. equities	19,557,212	20,576,612			
Investment fund - bank loans	3,500,000	3,387,187			
Hedge funds	20,941,704	29,074,156			
Private equity funds	2,082,426	3,761,571			
Private equity - distressed opportunities	1,018,919	2,761,264			
Total Investments Measured at Net Asset Value	68,994,054	93,039,198			
	84,823,425	108,489,540			
The 2002 Lincoln Center Theater Supporting Foundation					
Mutual funds - fixed income	2,739,100	2,722,957	2,722,957	-	-
Total Investments	$87,562,525	$111,212,497	$18,173,299	$ -	$ -

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5 - Investments (continued)

The Theater has committed to invest a total of $13,500,000 in private equity limited partnerships which make periodic capital calls. As of June 30, 2016, the Theater had made investments totaling $11,038,555 leaving an outstanding commitment of $2,461,445.

At June 30, 2016, concentrations of the Theater's investments in excess of 10% of the fair value of its portfolio included approximately 54% invested in three investment funds. Each of these investments is in a fund of funds or an investment fund with a diversified portfolio of underlying investments, with no significant concentrations in any single holding.

The terms of redemption of alternative investments valued using the net asset value are as follows:

	2016	2015
Hedge Funds and Investment Funds:		
Daily redemption with no notice	$ 1,571,981	$ 1,476,668
Weekly redemption with two-week notice	1,322,343	1,473,874
Monthly redemption with two-week notice	12,063,643	13,802,477
Monthly redemption with thirty days notice	6,762,085	7,210,780
Monthly redemption with 120 days notice	4,279,100	-
Quarterly redemption with sixty days notice	34,126,943	38,874,795
Quarterly redemption with ninety days notice	12,174,988	13,413,721
Annual redemption with ninety-five days notice	9,495,278	10,264,048
	81,796,361	86,516,363
Private Equity Funds:		
No opportunity for redemption; distributions made only at fund's discretion	5,785,238	6,522,835
	$87,581,599	$93,039,198

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5 - <u>Investments</u> (continued)

The following are descriptions of the investment strategies of these alternative investments:

Investment Fund - U.S. Equities
This fund invests primarily in major U.S. equity securities, with the objective of a return greater than the Standard and Poors 500 Index.

Investment Funds - Non-U.S. Equities
These funds invest primarily in non-U.S. equity securities, with respective concentrations on developed and emerging markets.

Investment Fund - Bank Loans
This fund invests principally in bank loans and other high-yield debt instruments.

Hedge Funds
These funds (and their underlying hedge funds) invest in equity, fixed income, and derivative instruments and vary their investment strategies in response to changing market opportunities.

Private Equity Funds
These funds invest in a diversified group of underlying private equity funds, which focus their investments on venture capital start-up opportunities or companies that are in liquidation and reorganization.

Private Equity - Distressed Opportunities
This fund invests in a diversified group of underlying private equity funds, which invest in debt, equity, or other securities and obligations of misvalued, leveraged, or financially distressed companies.

Based on information provided by the investment fund manager, the Theater expects that the remaining life of the nonredeemable private equity funds will be as follows:

Due within 1-5 years	$ 753,100
Due within 5-10 years	5,032,138
	$5,785,238

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 6 - Unconditional Promises to Give

Unconditional promises to give are due as follows as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Total
Year Ending June 30,			
2017	$1,040,477	$2,525,000	$3,565,477
2018	25,000	780,000	805,000
2019	-	275,000	275,000
2020	-	275,000	275,000
2021	-	25,000	25,000
Thereafter, through the year ending June 30, 2023	-	50,000	50,000
	1,065,477	3,930,000	4,995,477
Less: Discount to present value	(371)	(49,430)	(49,801)
	$1,065,106	$3,880,570	$4,945,676

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give which are due after one year are discounted to net present value using discount rates of 0.5% to 1.5% per annum.

Note 7 - Beneficial Interest in Charitable Trust

During the year ended June 30, 2011, a donor established a charitable trust at a financial institution naming the Theater as the beneficiary. Under the terms of the trust, the Theater is to receive annual distributions of $6,000. Upon the death of the donor, the Theater will receive a distribution of $1,460,000. Based on donor and beneficiary life expectancy and the use of a 3.5% long-term discount rate, the present value of future benefits expected to be received was recognized as a temporarily restricted contribution. At June 30, 2016, the present value of the interest in the charitable trust, considered Level 3 in the fair value hierarchy, was $1,184,437.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 8 - Property and Equipment

Property and equipment consist of the following at June 30:

	Life	2016	2015
Leasehold improvements	10-25 years	$67,834,205	$67,830,205
Furniture, fixtures and equipment	5-15 years	3,223,671	3,190,172
		71,057,876	71,020,377
Less: Accumulated depreciation		(29,127,821)	(26,384,412)
		$41,930,055	$44,635,965

Depreciation expense for the years ended June 30, 2016 and 2015 was $2,743,409 and $2,744,939, respectively.

Note 9 - Deferred Membership Fees

Under the Theater's membership program, the payment of an annual membership fee at any time entitles a member to purchase a discounted ticket to each of the Theater's productions during the next twelve months. Accordingly, membership revenue is amortized monthly over the year following the receipt of the membership fee. During the year ended June 30, 2016, $1,342,037 in membership fees were recognized as income. At June 30, 2016, $575,342 in unamortized fees remained deferred. These amounts were $1,389,592 and $587,129, respectively, in 2015.

Note 10 - Commitments and Contingency

a - Certain management compensation is guaranteed by contract. As of June 30, 2016, the following remains to be paid:

Year Ending June 30,	
2017	$1,135,000
2018	1,135,000
2019	1,135,000
2020	385,000

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 10 - Commitments and Contingency (continued)

b - As of June 30, 2016, approximately 80% of total employee compensation was paid under collective bargaining agreements.

c - The City of New York contributed $2,551,400 in support of building renovations during the year ended June 30, 2004. In accepting the funds from the City, the Theater has agreed to a covenant guaranteeing the continued use of the facility as a not-for-profit cultural institution through December 31, 2019.

d - Government supported programs are subject to audit by the granting agency.

Note 11 - Lincoln Center for the Performing Arts, Inc.

The Theater leases the Lincoln Center Theater building (containing the Vivian Beaumont, Mitzi E. Newhouse, and Claire Tow Theaters, as well as offices, rehearsal and dressing rooms, and other support spaces) from Lincoln Center for the Performing Arts, Inc. (Lincoln Center) under a twenty-five year agreement dated as of January 1, 2008, with an option to extend the lease for an additional twenty-four year term. This lease is a renewal, with revisions, of the original lease dated as of July 1, 1980. No lease payments are required; however, the Theater is responsible for maintenance and operation of the building and its share of the cost of maintaining and operating the common facilities of Lincoln Center (in lieu of rent). Common facilities costs amounted to $1,104,196 (2016) and $838,933 (2015).

The Theater also shares in Lincoln Center's Corporate Fund ($363,676 in 2016) and receives a portion of underground garage revenue ($260,728) and New York City funding ($43,929) in exchange for its sharing in the maintenance of the Lincoln Center public areas. These amounts were $277,754, $304,546 and $43,583 in 2015, respectively.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 11 - Lincoln Center for the Performing Arts, Inc. (continued)

One member of the Board of Directors of the Theater is also a director of Lincoln Center for the Performing Arts, Inc.

Note 12 - Pension and Other Benefit Plans

a - The Theater participates in a multiple-employer defined benefit pension plan with Lincoln Center and other organizations affiliated with Lincoln Center, which covers its full-time non-union administrative staff. The Theater made contributions of $262,250 and $111,752 to fund pension obligations in the years ended June 30, 2016 and 2015, respectively.

b - The Theater contributes to various multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

- If the Theater chooses to stop participating in some of its multiemployer plans, the Theater may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)
(combined with The 2002 Lincoln Center Theater Supporting Foundation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 12 - Pension and Other Benefit Plans (continued)

b - (continued)

The Theater's participation in these plans is summarized below, including additional information for individually significant plans. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plan's year-end at December 31, 2015 and December 31, 2014, respectively. The zone status is based on information that the Theater received from each plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plans are subject, as applicable.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2015	Pension Protection Act Zone Status 2014	FIP/RP Status Pending/ Implemented	Contributions of the Theater 2016	Contributions of the Theater 2015	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Equity-League Pension Trust Fund (Actors and Stage Managers)	13-6696817/001	Green	Green	N/A	$ 548,983	$ 208,131	No	June 28, 2020
Pension Fund of Local No. One, IATSE (Stage Employees)	13-6414973/001	Green	Green	N/A	401,100	281,527	No	February 12, 2017
American Federation of Musicians and Employers' Pension Fund	51-6120204/001	Red	Red	Implemented	302,197	101,899	Yes	March 31, 2019
Pension Fund of Wardrobe Local 764, IATSE	13-6137855/001	Green	Green	N/A	107,385	50,202	No	November 26, 2017
League-ATPAM Pension Fund (Managers and Press Agents)	13-2928856/001	Green	Green	N/A	55,349	41,156	No	September 2, 2018
Treasurers and Ticket Sellers Local 751 Pension Fund	13-6164776/001	Green	Green	N/A	51,979	36,160	No	August 31, 2016
All other multiemployer plans - total of five other plans					113,637	73,929		
					$1,580,630	$793,004		

None of the Theater's contributions to the plans listed above is greater than 5% of the total plan contributions.

Note 13 - Fundraising Benefits

During each of the years ended June 30, 2016 and 2015, the Theater held fundraising benefits. The following reflects the activity from these events:

	2016	2015
Gross revenue	$1,807,025	$1,920,256
Less: Direct costs	(247,995)	(193,838)
Indirect costs	(107,851)	(39,535)
Net	$1,451,179	$1,686,883

Direct costs of fundraising benefits reflect the estimated fair value of services (such as food and entertainment) which the donor received. Indirect costs are other costs of the benefit in addition to the fair value of services received by the donor.

Note 14 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

SUPPLEMENTARY INFORMATION

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
The Vivian Beaumont Theater, Inc.
(d/b/a Lincoln Center Theater) and
The Board of Trustees of
The 2002 Lincoln Center Theater Supporting Foundation

We have audited the financial statements of The Vivian Beaumont Theater, Inc. (d/b/a Lincoln Center Theater) (combined with The 2002 Lincoln Center Theater Supporting Foundation, a charitable trust) as of and for the year ended June 30, 2016, and our report thereon dated October 25, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2016 with comparative totals for 2015 and the Schedules of Operating Expenses (excluding Theatrical Production and Operations and Special Artistic Projects) for the years ended June 30, 2016 and 2015 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
October 25, 2016

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services							Supporting Services			2016	2015
	Theatrical Production and Operations											
	Regular Program	Extended Program	Special Artistic Projects	Artistic Management	Marketing, Membership and Outreach	Theater Building Operation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	$ 2,182,646	$16,685,825	$ 77,100	$ 1,668,756	$ 599,616	$ 452,055	$21,665,998	$ 2,203,058	$ 1,091,095	$3,294,153	$24,960,151	$11,507,872
Employee benefits and payroll taxes	1,169,120	5,750,143	27,980	512,141	221,907	174,331	7,855,622	600,154	339,514	939,668	8,795,290	4,471,138
Total Salaries, Employee Benefits and Payroll Taxes	3,351,766	22,435,968	105,080	2,180,897	821,523	626,386	29,521,620	2,803,212	1,430,609	4,233,821	33,755,441	15,979,010
Physical production (scenery, costumes, etc.)	772,756	1,064,235	8,481	-	-	-	1,845,472	-	-	-	1,845,472	1,506,769
Production take-in and take-out	655,327	887,272	-	-	-	-	1,542,599	-	-	-	1,542,599	1,084,593
Artists' fees	314,209	141,430	107,950	-	-	-	563,589	-	-	-	563,589	570,964
Royalties	207,981	1,425,271	-	-	-	-	1,633,252	-	-	-	1,633,252	615,667
Advertising and publicity	1,323,274	4,354,667	-	-	101,263	-	5,779,204	-	-	-	5,779,204	2,677,396
Theatrical equipment rentals	248,103	1,153,050	-	-	-	-	1,401,153	-	-	-	1,401,153	497,136
Theatrical departmental expenses	104,339	558,761	2,375	-	-	-	665,475	-	-	-	665,475	315,562
Miscellaneous theatrical expenses	399,749	252,576	36,235	-	-	-	688,560	-	-	-	688,560	770,318
Publications, recordings, seminars and special projects	-	65,204	449,331	-	533,715	-	1,048,250	-	-	-	1,048,250	1,283,719
Utilities	-	-	-	-	-	743,364	743,364	-	-	-	743,364	705,860
Lincoln Center shared costs	-	-	-	-	-	1,104,196	1,104,196	-	-	-	1,104,196	838,933
Building security	-	-	-	-	-	508,405	508,405	-	-	-	508,405	272,404
Building maintenance	-	-	-	-	-	2,318,811	2,318,811	-	-	-	2,318,811	2,282,688
Insurance	-	-	-	-	-	325,564	325,564	58,038	-	58,038	383,602	334,708
Building costs charged to outside tenants	-	-	-	-	-	(12,770)	(12,770)	-	-	-	(12,770)	(97,673)
Professional fees and consulting	-	-	-	-	-	-	-	243,377	8,500	251,877	251,877	267,748
Membership services	-	-	-	-	168,930	-	168,930	-	-	-	168,930	199,873
Interest expense and bank charges	-	-	-	-	-	-	-	13,678	-	13,678	13,678	10,544
Fundraising event expenses (including indirect benefit costs, Note 13)	-	-	-	-	-	-	-	-	662,876	662,876	662,876	723,745
Office services and expenses	-	-	-	-	1,881	-	1,881	197,270	86,329	283,599	285,480	259,547
Telecommunications	-	-	-	-	-	-	-	62,230	-	62,230	62,230	65,481
Meetings, travel and entertainment	-	-	-	-	191	-	191	69,379	25,426	94,805	94,996	69,326
Postage, dues, supplies and materials	-	-	-	-	-	-	-	195,858	83,254	279,112	279,112	222,664
Office equipment rental and maintenance	-	-	-	-	-	-	-	185,933	-	185,933	185,933	119,968
Licenses, permits, etc.	-	-	-	-	-	-	-	4,514	-	4,514	4,514	2,650
Storage and warehouse	-	-	-	-	-	38,335	38,335	-	-	-	38,335	28,991
Total expenses before depreciation	7,377,504	32,338,434	709,452	2,180,897	1,627,503	5,652,291	49,886,081	3,833,489	2,296,994	6,130,483	56,016,564	31,608,591
Depreciation	-	-	-	-	-	2,505,534	2,505,534	237,875	-	237,875	2,743,409	2,744,939
Total Expenses, 2016	$ 7,377,504	$32,338,434	$709,452	$ 2,180,897	$ 1,627,503	$8,157,825	$52,391,615	$ 4,071,364	$ 2,296,994	$6,368,358	$58,759,973	
Total Expenses, 2015	$15,342,574	$ 896,414	$711,203	$ 2,062,953	$ 1,787,946	$7,512,993	$28,314,083	$ 3,887,537	$ 2,151,910	$6,039,447		$34,353,530

See independent auditors' report on supplementary information.

THE VIVIAN BEAUMONT THEATER, INC.
(d/b/a Lincoln Center Theater)

SCHEDULES OF OPERATING EXPENSES (EXCLUDING THEATRICAL PRODUCTION AND OPERATIONS AND SPECIAL ARTISTIC PROJECTS)

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Salaries	$ 6,014,580	$ 5,764,111
Employee benefits and payroll taxes	1,848,047	1,773,330
Total Salaries, Employee Benefits and Payroll Taxes	7,862,627	7,537,441
Advertising and publicity	101,263	86,376
Publications, recordings, seminars, and special projects	533,715	727,126
Utilities	743,364	705,860
Lincoln Center shared costs	1,104,196	838,933
Building security	508,405	272,404
Building maintenance	2,318,811	2,282,688
Insurance	383,602	334,708
Building costs charged to outside tenants	(12,770)	(97,673)
Professional fees and consulting	251,877	267,748
Membership services	168,930	199,873
Interest expense and bank charges	13,678	10,544
Fundraising event expenses (including indirect benefit costs, Note 13)	662,876	723,745
Office services and expenses	285,480	259,547
Telecommunications	62,230	65,481
Meetings, travel and entertainment	94,996	69,326
Postage, dues, stationery and supplies	279,112	222,664
Office equipment rental and maintenance	185,933	119,968
Licenses, permits, etc.	4,514	2,650
Storage and warehouse	38,335	28,991
Total expenses before depreciation	15,591,174	14,658,400
Depreciation	2,743,409	2,744,939
Total	$18,334,583	$17,403,339

See independent auditors' report on supplementary information.