

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

FINANCIAL STATEMENTS

JUNE 30, 2021



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Vivian Beaumont Theater, Inc. (d/b/a Lincoln Center Theater) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses 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.

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) as of June 30, 2021, 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) 2020 financial statements, and our report dated November 19, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, the Organization suspended some of its activities at the direction of the state and local governmental authorities. Our opinion is not modified with respect to this matter.

Lutz + Carr, LLP

New York, New York
October 27, 2021

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board-Designated	Total			
Assets						
Current Assets						
Cash and cash equivalents (Notes 1c and 5)	\$ 6,923,976	\$ -	\$ 6,923,976	\$ 9,228,498	\$ 16,152,474	\$ 13,744,757
Contributions receivable (Notes 1d and 7)	298,310	-	298,310	824,267	1,122,577	846,049
Insurance proceeds receivable (Note 15)	-	-	-	-	-	3,337,533
Accounts receivable	564,621	-	564,621	-	564,621	456,140
Prepaid production costs and other current assets	3,343,461	-	3,343,461	-	3,343,461	3,289,641
Restricted certificates of deposit (Note 5)	494,347	-	494,347	-	494,347	492,821
Total Current Assets	11,624,715	-	11,624,715	10,052,765	21,677,480	22,166,941
Non-Current Assets						
Contributions receivable (Notes 1d and 7)	-	-	-	25,000	25,000	563,209
Property and equipment, at cost, net of accumulated depreciation (Notes 1h and 8)	30,251,220	-	30,251,220	-	30,251,220	32,786,657
Investments in theatrical limited partnerships	210,859	-	210,859	-	210,859	110,859
Investments (Notes 1e, 1f, 4 and 6)	10,870,054	32,659,637	43,529,691	103,805,343	147,335,034	110,829,118
Total Assets	\$52,956,848	\$32,659,637	\$85,616,485	\$113,883,108	\$199,499,593	\$166,456,784

See notes to financial statements.

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Without Donor Restrictions			With Donor Restrictions		
	Operating	Board-Designated	Total			
				Total	Total	
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	\$ 726,772	\$ -	\$ 726,772	\$ -	\$ 726,772	\$ 1,278,180
Deferred membership fees (Notes 1i and 9)	1,128,703	-	1,128,703	-	1,128,703	458,702
Total Current Liabilities	<u>1,855,475</u>	<u>-</u>	<u>1,855,475</u>	<u>-</u>	<u>1,855,475</u>	<u>1,736,882</u>
Non-Current Liabilities						
Loans payable - Paycheck Protection Program (Note 10)	5,254,126	-	5,254,126	-	5,254,126	3,705,900
Total Liabilities	<u>7,109,601</u>	<u>-</u>	<u>7,109,601</u>	<u>-</u>	<u>7,109,601</u>	<u>5,442,782</u>
Commitments and Contingencies (Notes 6, 11, 12, 13 and 15)						
Net Assets						
Without Donor Restrictions (Note 3a)						
Operating	15,596,027	-	15,596,027	-	15,596,027	10,720,842
Property and equipment	30,251,220	-	30,251,220	-	30,251,220	32,786,657
Reserves and quasi-endowments	-	32,659,637	32,659,637	-	32,659,637	27,305,978
Total Without Donor Restrictions	<u>45,847,247</u>	<u>32,659,637</u>	<u>78,506,884</u>	<u>-</u>	<u>78,506,884</u>	<u>70,813,477</u>
With Donor Restrictions (Note 3b)	-	-	-	113,883,108	113,883,108	90,200,525
Total Net Assets	<u>45,847,247</u>	<u>32,659,637</u>	<u>78,506,884</u>	<u>113,883,108</u>	<u>192,389,992</u>	<u>161,014,002</u>
Total Liabilities and Net Assets	<u><u>\$52,956,848</u></u>	<u><u>\$32,659,637</u></u>	<u><u>\$85,616,485</u></u>	<u><u>\$113,883,108</u></u>	<u><u>\$199,499,593</u></u>	<u><u>\$166,456,784</u></u>

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021						2020
	Without Donor Restrictions				With Donor Restrictions	Total	Total
	Operating Regular Program	Extended Program	Property and Equipment	Reserves and Quasi-Endowments			
Changes in Net Assets							
Revenue, Gains and Public Support							
Box office revenue and admission fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,060,853
Membership fees (Note 9)	-	-	-	-	-	-	1,264,804
Theater rental fees and surcharges	-	-	-	-	-	-	409,937
Share of Lincoln Center garage revenue and city funding for public areas (Note 12)	161,964	-	-	-	161,964	-	240,062
Royalties	30,363	-	-	-	30,363	-	468,353
Television and recording income	19,484	-	-	-	19,484	-	58,523
Set and costume sales and rentals	-	-	-	-	-	-	402,720
Merchandise and concession income	-	-	-	-	-	-	38,474
Business interruption insurance settlement (Note 15)	-	-	-	-	-	-	3,337,533
Miscellaneous revenue	92,494	-	-	-	92,494	-	78,161
Total from Earned Revenue	<u>304,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,305</u>	<u>-</u>	<u>9,359,420</u>
Net investment income (Note 6)	1,067,875	-	-	9,447,994	10,515,869	27,821,724	2,691,980
Appropriations of endowment funds pursuant to spending policy	4,667,762	-	-	(890,081)	3,777,681	(3,777,681)	-
Appropriations of endowment funds designated for special purposes	34,518	-	-	-	34,518	(34,518)	-
Total from Investments	<u>5,770,155</u>	<u>-</u>	<u>-</u>	<u>8,557,913</u>	<u>14,328,068</u>	<u>24,009,525</u>	<u>2,691,980</u>
Contributions	6,187,023	-	-	1,109	6,188,132	880,558	11,334,777
Gross revenue from fundraising benefits (Note 14)	1,453,277	-	-	-	1,453,277	-	-
Federal relief program - employee retention tax credit	416,687	-	-	-	416,687	-	-
Net assets released from restrictions - satisfaction of time and use restrictions	1,207,500	-	-	-	1,207,500	(1,207,500)	-
Total from Public Support	<u>9,264,487</u>	<u>-</u>	<u>-</u>	<u>1,109</u>	<u>9,265,596</u>	<u>(326,942)</u>	<u>8,938,654</u>
Total Revenue, Gains and Public Support	15,338,947	-	-	8,559,022	23,897,969	23,682,583	23,386,177
Transfer for acquisition of property and equipment	(6,870)	-	6,870	-	-	-	-
Transfer of investment return of operating and production reserves	3,205,363	-	-	(3,205,363)	-	-	-
Total Revenue, Gains and Public Support (carried forward)	<u>18,537,440</u>	<u>-</u>	<u>6,870</u>	<u>5,353,659</u>	<u>23,897,969</u>	<u>23,682,583</u>	<u>23,386,177</u>

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021						2020
	Without Donor Restrictions				Total	With Donor Restrictions	Total
	Operating Regular Program	Operating Extended Program	Property and Equipment	Reserves and Quasi-Endowments			
Changes in Net Assets (continued)							
Total Revenue, Gains and Public Support (brought forward)	\$18,537,440	\$ -	\$ 6,870	\$ 5,353,659	\$23,897,969	\$ 23,682,583	\$ 47,580,552
Expenses							
Program Services							
Theatrical productions - direct costs	153,388	-	-	-	153,388	-	153,388
Theatrical productions - artistic staff and facilities	6,127,885	-	2,460,580 *	-	8,588,465	-	8,588,465
Marketing, education and outreach	1,520,403	-	-	-	1,520,403	-	1,520,403
Video, online, and special projects	336,270	-	-	-	336,270	-	336,270
Total Program Services	8,137,946	-	2,460,580	-	10,598,526	-	10,598,526
Supporting Services							
Management and general	3,873,185	-	81,727 *	-	3,954,912	-	3,954,912
Fundraising	1,651,124	-	-	-	1,651,124	-	1,651,124
Total Supporting Services	5,524,309	-	81,727	-	5,606,036	-	5,606,036
Total Expenses	13,662,255	-	2,542,307 *	-	16,204,562	-	16,204,562
Increase (Decrease) in Net Assets	4,875,185	-	(2,535,437)	5,353,659	7,693,407	23,682,583	31,375,990
Net increase from operations of regular and extended programs combined	4,875,185						
Net assets, beginning of year	10,720,842		32,786,657	27,305,978	70,813,477	90,200,525	161,014,002
Net Assets, End of Year	\$15,596,027		\$30,251,220	\$32,659,637	\$78,506,884	\$113,883,108	\$192,389,992

* Depreciation expense

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	Program Services					Supporting Services			2021	2020	
	Theatrical Productions - Direct Costs		Theatrical Productions - Artistic Staff and Facilities	Marketing, Education and Outreach	Video, Online, and Special Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
	Regular Program	Extended Program									
Salaries	\$ 102,942	\$ -	\$ 1,977,473	\$ 644,125	\$ 20,187	\$ 2,744,727	\$ 2,365,918	\$ 1,083,796	\$3,449,714	\$ 6,194,441	\$10,662,207
Employee benefits and payroll taxes	37,840	-	791,022	276,250	12,819	1,117,931	980,879	435,824	1,416,703	2,534,634	4,724,639
Total Salaries, Employee Benefits and Payroll Taxes	140,782	-	2,768,495	920,375	33,006	3,862,658	3,346,797	1,519,620	4,866,417	8,729,075	15,386,846
Physical production (scenery, costumes, etc.)	1,476	-	-	-	5,840	7,316	-	-	-	7,316	561,293
Production take-in and take-out	1,601	-	-	-	-	1,601	-	-	-	1,601	1,035,225
Artists' fees	4,333	-	-	-	67,000	71,333	-	-	-	71,333	339,508
Royalties	-	-	-	-	-	-	-	-	-	-	148,063
Advertising	4,070	-	-	39,608	-	43,678	-	-	-	43,678	1,764,430
Theatrical equipment rentals	-	-	-	-	-	-	-	-	-	-	213,312
Theatrical departmental expenses	-	-	-	-	1,523	1,523	-	-	-	1,523	131,734
Miscellaneous theatrical expenses	326	-	-	-	216	542	-	-	-	542	576,305
Publications, recordings, seminars and special projects	800	-	-	389,423	228,685	618,908	-	-	-	618,908	675,126
Utilities	-	-	543,119	-	-	543,119	-	-	-	543,119	566,461
Lincoln Center shared costs	-	-	1,112,202	-	-	1,112,202	-	-	-	1,112,202	1,020,647
Building security	-	-	26,127	-	-	26,127	-	-	-	26,127	348,538
Building maintenance	-	-	1,284,880	-	-	1,284,880	-	-	-	1,284,880	2,288,817
Insurance	-	-	369,585	-	-	369,585	39,163	-	39,163	408,748	335,554
Building costs charged to outside tenants	-	-	-	-	-	-	-	-	-	-	(6,532)
Professional fees and consulting	-	-	-	135,975	-	135,975	188,771	-	188,771	324,746	389,138
Membership services	-	-	-	34,875	-	34,875	-	-	-	34,875	160,129
Interest expense, taxes and bank charges	-	-	-	-	-	-	24,260	-	24,260	24,260	16,569
Fundraising event expenses (including indirect benefit costs, Note 14)	-	-	-	-	-	-	-	60,814	60,814	60,814	575,558
Office services and expenses	-	-	-	147	-	147	76,920	59,784	136,704	136,851	220,444
Telecommunications	-	-	-	-	-	-	53,856	-	53,856	53,856	78,924
Meetings, travel and entertainment	-	-	-	-	-	-	4,358	10,906	15,264	15,264	62,281
Postage, dues, supplies and materials	-	-	-	-	-	-	47,134	-	47,134	47,134	163,717
Office equipment rental and maintenance	-	-	-	-	-	-	88,776	-	88,776	88,776	111,402
Licenses, permits, etc.	-	-	-	-	-	-	3,150	-	3,150	3,150	-
Storage and warehouse	-	-	23,477	-	-	23,477	-	-	-	23,477	36,007
Total expenses before depreciation	153,388	-	6,127,885	1,520,403	336,270	8,137,946	3,873,185	1,651,124	5,524,309	13,662,255	27,199,496
Depreciation	-	-	2,460,580	-	-	2,460,580	81,727	-	81,727	2,542,307	2,548,112
Total Expenses, 2021	<u>\$ 153,388</u>	<u>\$ -</u>	<u>\$ 8,588,465</u>	<u>\$ 1,520,403</u>	<u>\$ 336,270</u>	<u>\$10,598,526</u>	<u>\$ 3,954,912</u>	<u>\$ 1,651,124</u>	<u>\$5,606,036</u>	<u>\$16,204,562</u>	
Total Expenses, 2020	<u>\$9,418,390</u>	<u>\$1,356,516</u>	<u>\$ 10,166,753</u>	<u>\$ 1,594,203</u>	<u>\$ 420,632</u>	<u>\$22,956,494</u>	<u>\$ 4,298,273</u>	<u>\$ 2,492,841</u>	<u>\$6,791,114</u>		<u>\$29,747,608</u>

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$31,375,990	\$ (6,361,431)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	2,542,307	2,548,112
Net realized and unrealized (gain) on investments	(38,083,881)	(2,239,961)
(Increase) decrease in:		
Contributions receivable	261,681	970,553
Insurance proceeds receivable	3,337,533	(3,337,533)
Accounts receivable	(108,481)	364,603
Prepaid production costs and other current assets	(53,820)	(2,432,796)
Beneficial interest in charitable trust	-	1,460,000
Increase (decrease) in:		
Accounts payable and accrued expenses	(551,408)	(1,616,532)
Advance box office sales	-	(959,127)
Deferred membership fees	670,001	(182,030)
Net Cash Used By Operating Activities	<u>(610,078)</u>	<u>(11,786,142)</u>
Cash Flows From Investing Activities		
Purchase of restricted certificate of deposit	(1,526)	(5,762)
Purchase of property and equipment	(6,870)	(187,170)
Investments in theatrical limited partnerships	(100,000)	(760,859)
Returns from investments in theatrical limited partnerships	-	323,750
Sale of investments	11,272,085	14,662,169
Purchase of investments	<u>(9,694,120)</u>	<u>(7,464,181)</u>
Net Cash Provided By Investing Activities	<u>1,469,569</u>	<u>6,567,947</u>
Cash Flows From Financing Activities		
Proceeds from loans - Paycheck Protection Program	<u>1,548,226</u>	<u>3,705,900</u>
Net increase (decrease) in cash and cash equivalents	2,407,717	(1,512,295)
Cash and cash equivalents, beginning of year	<u>13,744,757</u>	<u>15,257,052</u>
Cash and Cash Equivalents, End of Year	<u><u>\$16,152,474</u></u>	<u><u>\$13,744,757</u></u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 - **Organization and Summary of Significant Accounting Policies**

a - **Organization**

The primary exempt purpose of The Vivian Beaumont Theater, Inc. (d/b/a Lincoln Center Theater, the "Theater") 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**

Because theatrical performances were prohibited by government order throughout the fiscal year (in response to the COVID-19 pandemic), the 2021 regular program consisted of video and online presentations, including the LCT Spotlight Series, LCT Private Reels (streaming of archive recordings of past productions), webinars, and audio plays. The 2020 regular program consisted of a season of productions at the Vivian Beaumont and Mitzi E. Newhouse Theaters at Lincoln Center (*The Rolling Stone*, *Greater Clements*, *Intimate Apparel*, and *Flying Over Sunset*) and a season of productions of the LCT3 program at the Claire Tow Theater at Lincoln Center (*In the Green*, *Power Strip*, and *The Headlands*). The productions of *The Headlands*, *Intimate Apparel*, and *Flying Over Sunset* were interrupted and performances suspended in March 2020 by the COVID-19 pandemic.

The Theater normally sponsors various special artistic projects such as the Playwrights Program, the Directors Lab, commissions for new plays and operas, and the *Lincoln Center Theater Review*. These projects were sharply curtailed in fiscal year 2021.

2 - **Extended Program**

There was no extended program in fiscal year 2021. The 2020 extended program consisted of the final week of the extended run of *My Fair Lady* at the Vivian Beaumont Theater and a cast recording of *In the Green*.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

b - Financial Statement Presentation

The financial statements of the Theater have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Theater to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Theater. These net assets may be used at the discretion of the Theater's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Theater or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c - 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, except for cash equivalents held as part of the Theater's pooled investment portfolio.

d - Contributions Receivable and Contributions

Contributions are recognized when the donor makes a promise to give to the Theater, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future are not recognized until the condition on which they depend has been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as increases in net assets without donor restrictions when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

d - Contributions Receivable and Contributions (continued)

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.

e - 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income that is limited to specific uses by donor imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the investment income is recognized. All other donor-restricted investment income is reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

f - 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

f - Fair Value Measurements (continued)

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. Reporting entities that measure the fair value of an investment using the net asset value per share or its equivalent as a practical expedient are not required to be categorized within the fair value hierarchy.

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.

g - Production Costs

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

h - 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.

i - Revenue Recognition

The Theater has multiple revenue streams that are accounted for as exchange transactions, including box office revenue and admission fees, membership fees, theater rental fees and surcharges, royalties, and other product sale and rental income. Box office revenue and admission fees are recognized as income when earned 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. Rental fees and surcharges are recognized when the rentals occur. Membership fee revenue is deferred when received and recognized over the term of the membership.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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 - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Theater's expenses are directly related to program activities. The expenses that are allocated include certain salaries and fringe benefits based on an estimate of employee time and effort.

l - Advertising Expense

Advertising expense is charged to operations at the time the advertising occurs.

m - 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.

n - Subsequent Events

The Theater has evaluated subsequent events through October 27, 2021, the date that the financial statements are considered available to be issued.

o - Recent Accounting Standard

For 2021, the Theater adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which required entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as the Theater satisfies the performance obligations. Analysis of the various provisions of these standards resulted in no significant changes in the way the Theater recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2 - Information Regarding Liquidity and Availability

The Theater operates with a budget for each fiscal year based on the funds expected to be available to meet anticipated expenses. A substantial portion of these funds consists of contributions and other revenue received, earned, or released in the current year, but in addition, there are available funds accumulated in previous years. The Theater considers general expenditures to consist of all expenses related to its ongoing program activities, as well as the general and administrative and fundraising expenses necessary to support these programs.

The Theater monitors liquidity to meet its operating needs and other commitments and obligations while seeking to maximize the investment of its available funds. Management prepares cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market accounts, and other short-term investments.

The Theater's financial assets as of June 30, 2021 and 2020 and those available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 16,152,474	\$ 13,744,757
Contributions receivable	1,147,577	1,409,258
Insurance proceeds receivable	-	3,337,533
Accounts receivable	564,621	456,140
Restricted certificates of deposit	494,347	492,821
Investments	<u>147,545,893</u>	<u>110,939,977</u>
Total Financial Assets	165,904,912	130,380,486
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(10,077,769)	(9,753,876)
Plus: Net assets with donor restrictions expected to be met in less than one year	3,622,424	2,362,835
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(103,805,339)	(80,446,649)
Plus: Amounts appropriated for use within one year	4,215,408	3,901,739
Net assets restricted by Board, subject to spending policy and appropriation	(32,659,637)	(27,305,978)
Plus: Amounts appropriated for use within one year	960,157	890,080
Restricted certificates of deposit	<u>(494,347)</u>	<u>(492,821)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 27,665,809</u>	<u>\$ 19,535,816</u>

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

In addition to these financial assets available within one year, the Theater maintains board-designated endowments of approximately \$23,395,000 (less the 2022 appropriation of approximately \$960,000 included above) and operating and production reserves of approximately \$9,265,000. These amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Directors.

Note 3 - Restrictions and Designations on Net Assets

a - Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Operating	\$15,596,027	\$10,720,842
Property and equipment	30,251,220	32,786,657
Reserves and Quasi-Endowments:		
Board-designated operating reserve	6,700,000	6,700,000
Bernard Gersten LCT Productions Fund	1,355,037	1,353,928
Larsen LCT Productions Fund	1,210,000	1,210,000
Board-designated quasi-endowment	21,839,092	16,842,428
Doris Duke Charitable Foundation		
quasi-endowment	<u>1,555,508</u>	<u>1,199,622</u>
	<u>\$78,506,884</u>	<u>\$70,813,477</u>

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 funds without donor restrictions 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 operating funds. All or part of the principal may be expended by vote of the Board of Directors.

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3 - Restrictions and Designations on Net Assets (continued)

a - Without Donor Restrictions (continued)

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 Producing 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 operating funds.

During the year ended June 30, 2021, there were no expenditures from this fund.

Ray and Maryann Larsen LCT Productions Fund

The proceeds of a grantor charitable lead annuity trust established for the benefit of the Theater by Ray Larsen (a former Board member) and his wife were designated by the Board of Directors in their memory as the Ray and Maryann Larsen LCT Productions Fund and held in reserve to support future theatrical productions. This reserve fund may be expended for such productions upon request of the Producing 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, 2021, there were no expenditures from this fund.

Board-Designated Quasi-Endowment

Transfers of operating 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, 2021 and 2020. Appropriations are made from the quasi-endowment to operations according to the spending policy applicable to endowment funds.

Doris Duke Charitable Foundation Quasi-Endowment

To supplement the Doris Duke Charitable Foundation endowment, the Theater established a board-designated fund for the same purpose, and subject to the same spending policy applicable to endowment funds.

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3 - Restrictions and Designations on Net Assets (continued)

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Theatrical productions	\$ 3,915,000	\$ 4,296,292
Playwrights and other commissions	650,189	619,444
Literary activities	3,500,000	3,750,000
Capital projects	1,092,146	423,639
Other programs	<u>546,167</u>	<u>296,840</u>
	<u>9,703,502</u>	<u>9,386,215</u>
Subject to passage of time:		
Future periods	<u>374,267</u>	<u>367,661</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount:		
Lila Acheson & DeWitt Wallace Endowment	41,128,703	21,348,706
Doris Duke Charitable Foundation Endowment	1,932,599	849,663
Other endowments	<u>4,636,832</u>	<u>2,141,075</u>
	<u>47,698,134</u>	<u>24,339,444</u>
Investment in perpetuity:		
Lila Acheson & DeWitt Wallace Endowment	45,324,387	45,324,387
Doris Duke Charitable Foundation Endowment	2,800,609	2,800,609
Other endowments	<u>7,982,209</u>	<u>7,982,209</u>
	<u>56,107,205</u>	<u>56,107,205</u>
Total Endowments	<u>103,805,339</u>	<u>80,446,649</u>
Total Net Assets With Donor Restrictions	<u>\$113,883,108</u>	<u>\$90,200,525</u>

Endowments and reserves consist of the following as of June 30:

1 - 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. Accordingly, 80% (\$45,324,387) of the original fair market value of the Wallace endowment is classified in these financial statements as restricted in perpetuity, while the remainder is classified as restricted subject to spending policy and appropriation.

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 3 - Restrictions and Designations on Net Assets (continued)

b - Net Assets With Donor Restrictions (continued)

1 - Lila Acheson & DeWitt Wallace Endowment (continued)

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.

2 - 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.

3 - 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.

Note 4 - Endowment Funds

The Theater's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. 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.

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 - Endowment Funds (continued)

Consistent with the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”), the Theater classifies as net assets with donor restrictions for investment in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted 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 for investment in perpetuity is classified as subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Theater.

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 investments as of June 30, 2021 and 2020:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
	Investment	Investment	Investment	
	Original Amount	in Perpetuity	in Perpetuity	
Donor-restricted endowment funds	\$ -	\$47,698,134	\$56,107,205	\$103,805,339
Board-designated endowment funds	<u>23,394,600</u>	-	-	<u>23,394,600</u>
Total Endowment Funds	<u>\$23,394,600</u>	<u>\$47,698,134</u>	<u>\$56,107,205</u>	<u>\$127,199,939</u>

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 - Endowment Funds (continued)

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
	Investment	Investment		
	Income Above	in Perpetuity	Original Amount	Investment
	Restrictions	Original Amount	in Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$24,339,444	\$56,107,205	\$80,446,649
Board-designated endowment funds	<u>18,042,050</u>	-	-	<u>18,042,050</u>
Total Endowment Funds	<u>\$18,042,050</u>	<u>\$24,339,444</u>	<u>\$56,107,205</u>	<u>\$98,488,699</u>

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 \$41,030 with respect to one of the Theater's endowment funds with an original gift value of \$175,000, is reported as part of net assets with donor restrictions at June 30, 2021.

Changes in the fair value of the cash and investments of the Theater's endowment funds for the years ended June 30, 2021 and 2020 are summarized as follows:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
	Investment	Investment		
	Income Above	in Perpetuity	Original Amount	Investment
	Restrictions	Original Amount	in Perpetuity	Total
Endowment funds, beginning of year	\$18,042,050	\$24,339,444	\$56,107,205	\$ 98,488,699
Investment return	6,242,631	27,821,724	-	34,064,355
Appropriation of endowment assets for expenditure	<u>(890,081)</u>	<u>(4,463,034)</u>	-	<u>(5,353,115)</u>
Endowment Funds, End of Year	<u>\$23,394,600</u>	<u>\$47,698,134</u>	<u>\$56,107,205</u>	<u>\$127,199,939</u>

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
	Investment	Investment		
	Income Above	in Perpetuity	Original Amount	Investment
	Restrictions	Original Amount	in Perpetuity	Total
Endowment funds, beginning of year	\$17,207,794	\$26,494,590	\$57,048,512	\$100,750,896
Investment return	478,439	2,113,079	-	2,591,518
Appropriation of endowment assets for expenditure	(891,961)	(3,961,754)	-	(4,853,715)
Reclassification of cash reserve	<u>1,247,778</u>	<u>(306,471)</u>	<u>(941,307)</u>	<u>-</u>
Endowment Funds, End of Year	<u>\$18,042,050</u>	<u>\$24,339,444</u>	<u>\$56,107,205</u>	<u>\$98,488,699</u>

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 - 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, 2021 was reviewed (according to the criteria established by NYPMIFA) by the Investment Committee of the Theater's Board of Directors, which concluded that 5% 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.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 - 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 subject to spending policy and appropriation rather than for investment in perpetuity.

Note 5 - Restricted Certificates of Deposit and Concentration of Credit Risk

Restricted certificates of deposit (\$494,347 at June 30, 2021) are pledged as collateral for a salary bond under a security agreement with Actors' Equity Association. This amount was \$492,821 at June 30, 2020.

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

	<u>2021</u>	<u>2020</u>
Bank accounts	\$ 3,677,866	\$ 3,270,722
Money market funds	<u>12,474,608</u>	<u>10,474,035</u>
	<u>\$16,152,474</u>	<u>\$13,744,757</u>

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, 2021, 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.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 6 - Investments

The following summarizes the Theater's investments at June 30, 2021 and 2020:

	<u>2021</u>			<u>2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Level 1</u>
Cash equivalents	\$ 1,631,590	\$ 1,631,590	\$1,631,590	\$ 1,630,920	\$ 1,630,920	\$1,630,920
Marketable debt and equity securities	126,374	141,658	141,658	131,645	123,506	123,506
Mutual fund - intermediate-term Treasury	3,470,037	3,692,475	3,692,475	3,399,365	3,772,239	3,772,239
Mutual fund - short-term Treasury	<u>2,210,757</u>	<u>2,221,415</u>	<u>2,221,415</u>	<u>2,162,504</u>	<u>2,212,099</u>	<u>2,212,099</u>
Total Assets in Fair Value Hierarchy	<u>7,438,758</u>	<u>7,687,138</u>	<u>7,687,138</u>	<u>7,324,434</u>	<u>7,738,764</u>	<u>7,738,764</u>
Alternative Investments						
Investment fund - U.S. equities	43,411,388	56,254,949		36,992,252	38,687,304	
Investment funds - non-U.S. equities	20,300,161	35,702,330		20,277,726	25,215,708	
Investment fund - bank loans	3,500,000	3,452,249		3,500,000	3,228,451	
Hedge funds	32,495,674	42,218,524		30,742,414	34,516,984	
Private equity funds	337,344	975,042		1,043,331	1,004,608	
Private equity - distressed opportunities	-	563,854		-	437,299	
Private equity - credit opportunities	<u>448,504</u>	<u>480,948</u>		<u>-</u>	<u>-</u>	
Total Investments Measured at Net Asset Value	<u>100,493,071</u>	<u>139,647,896</u>		<u>92,555,723</u>	<u>103,090,354</u>	
Total Investments	<u>\$107,931,829</u>	<u>\$147,335,034</u>	<u>\$7,687,138</u>	<u>\$99,880,157</u>	<u>\$110,829,118</u>	<u>\$7,738,764</u>

Investment income consists of:

	<u>2021</u>					
	<u>Without Donor Restrictions</u>			<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<u>Operating</u>	<u>Operating and Production Reserves</u>	<u>Quasi-Endowment</u>	<u>Total</u>		<u>Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 40,973	\$ 88,729	\$ 172,805	\$ 302,507	\$ 777,097	\$ 1,079,604
Realized gain on sale of investments, net of fees and expenses of \$825,892	238,989	737,521	1,436,364	2,412,874	6,390,871	8,803,745
Unrealized gain on investments	<u>787,913</u>	<u>2,379,113</u>	<u>4,633,462</u>	<u>7,800,488</u>	<u>20,653,756</u>	<u>28,454,244</u>
Total from Investments	<u>\$1,067,875</u>	<u>\$3,205,363</u>	<u>\$6,242,631</u>	<u>\$10,515,869</u>	<u>\$27,821,724</u>	<u>\$38,337,593</u>

THE VIVIAN BEAUMONT THEATER, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 6 - Investments (continued)

	2020					
	Without Donor Restrictions			Total Without Donor Restrictions	With Donor Restrictions	Total
	Operating	Operating and Production Reserves	Quasi- Endowment			
Interest and dividends	\$160,950	\$ 97,910	\$ 218,078	\$476,938	\$ 979,248	\$1,456,186
Realized gain on sale of investments, net of fees and expenses of \$707,847	(163,313)	347,654	774,345	958,686	3,437,109	4,395,795
Unrealized loss on investments	<u>(111,977)</u>	<u>(230,762)</u>	<u>(513,984)</u>	<u>(856,723)</u>	<u>(2,303,278)</u>	<u>(3,160,001)</u>
Total from Investments	<u>\$(114,340)</u>	<u>\$214,802</u>	<u>\$ 478,439</u>	<u>\$578,901</u>	<u>\$2,113,079</u>	<u>\$2,691,980</u>

The Theater has committed to invest a total of approximately \$17,600,000 in private equity limited partnerships and other alternative investments which make periodic capital calls. As of June 30, 2021, the Theater had made investments totaling approximately \$12,500,000 leaving an outstanding commitment of approximately \$5,100,000.

At June 30, 2021, concentrations of the Theater's investments in excess of 10% of the fair value of its portfolio included approximately 54% invested in two 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:

	2021	2020
Hedge Funds and Investment Funds:		
Daily redemption with no notice	\$ 2,260,668	\$ 1,523,079
Monthly redemption with two-week notice	24,098,629	16,820,034
Monthly redemption with thirty days' notice	8,521,187	6,696,975
Quarterly redemption with sixty days' notice	66,077,270	45,869,269
Quarterly redemption with sixty-five days' notice	6,061,150	4,916,260
Quarterly redemption with ninety-five days' notice and initial three-year lockup	3,983,273	2,247,560
Semi-annual redemption with sixty days' notice	13,136,442	11,959,596
Annual redemption with ninety-five days' notice	<u>13,489,433</u>	<u>11,615,674</u>
	137,628,052	101,648,447
Private Equity Funds:		
No opportunity for redemption; distributions made only at fund's discretion	<u>2,019,844</u>	<u>1,441,907</u>
	<u>\$139,647,896</u>	<u>\$103,090,354</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 6 - Investments (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.

Private Equity - Credit Opportunities

This fund invests in a range of distressed and undervalued credit instruments, including opportunistic corporate loans and securities, residential loans and securities, commercial mortgage loans and securities, and other consumer or commercial assets and asset-backed securities.

Based on information provided by the investment fund managers, the Theater expects that the remaining life of the nonredeemable private equity funds is between one to five years.

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Note 7 - Contributions Receivable

Contributions receivable are due as follows as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Year Ending June 30,</u>			
2022	\$298,310	\$825,000	\$1,123,310
2023	<u>-</u>	<u>25,000</u>	<u>25,000</u>
	298,310	850,000	1,148,310
Less: Discount to present value	<u>-</u>	<u>(733)</u>	<u>(733)</u>
	<u>\$298,310</u>	<u>\$849,267</u>	<u>\$1,147,577</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable which are due after one year are discounted to net present value using discount rates of 1.5% per annum.

Note 8 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Leasehold improvements	10-25 years	\$68,759,014	\$68,759,014
Furniture, fixtures and equipment	5-15 years	<u>3,620,170</u>	<u>3,613,300</u>
		72,379,184	72,372,314
Less: Accumulated depreciation		<u>(42,127,964)</u>	<u>(39,585,657)</u>
		<u>\$30,251,220</u>	<u>\$32,786,657</u>

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, 2021, there were no productions, no membership fees were recognized as income, and all memberships were extended for use in fiscal years 2022 and 2023. At June 30, 2021, \$1,128,703 in membership fees remained deferred.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 10 - Loans Payable

On April 24, 2020, the Theater received a loan totaling \$3,705,900 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on April 24, 2025, and may be forgiven (and interest on the forgiven loan waived) if the Theater meets certain employee retention requirements and the funds are used for eligible expenses. On August 19, 2021, the loan was partially forgiven in the amount of \$2,832,786. On August 26, 2021, the remaining balance of the loan (\$873,114) was repaid.

On April 15, 2021, the Theater received a second loan totaling \$1,548,226 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on April 15, 2026, and may be forgiven (and interest on the forgiven loan waived) if the Theater meets certain employee retention requirements and the funds are used for eligible expenses. Management expects that the full amount of this loan will be forgiven.

Note 11 - Commitments and Contingency

- a - Certain management compensation is guaranteed by contract. As of June 30, 2021, compensation under these contracts in the amount of \$1,269,797 is due in the year ending June 30, 2022.
- b - Because there were no theatrical presentations in the year ended June 30, 2021, the amount of compensation paid under collective bargaining agreements was not material. Normally, with full production, between 70% and 80% of total employee compensation is paid under collective bargaining agreements.
- c - Through the fiscal year ending June 30, 2021, The City of New York ("The City") has spent \$68,928 relating to the ADA Renovations and Alarm System Project. The City's investment of capital funding obligated the Theater to operate the facility for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of The City of New York for cultural, educational, or artistic uses and/or related purposes approved by the City.
- d - Government supported programs are subject to audit by the granting agency.

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JUNE 30, 2021

Note 12 - Lincoln Center for the Performing Arts, Inc.

The Theater leases the Lincoln Center Theater building (including 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 \$1,112,202 (2021) and \$1,020,647 (2020).

The Theater also shares in Lincoln Center's Corporate Fund (\$170,680 in 2021) and receives a portion of underground garage revenue (\$104,799) and New York City funding (\$57,165) in exchange for its sharing in the maintenance of the Lincoln Center public areas. These amounts were \$279,326, \$188,370 and \$51,692 in 2020, respectively.

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

Note 13 - 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 hired on or before June 30, 2017. Under a modification of the plan adopted as of June 30, 2017, employees hired after that date are not eligible to participate in the plan, but employees hired on or before that date will continue to participate in the plan and accrue additional benefits. The Theater made contributions of \$884,119 and \$832,167 to fund pension obligations in the years ended June 30, 2021 and 2020, respectively.

A new defined contribution 403(b) plan was established effective July 1, 2019 for those employees not covered under the aforementioned defined benefit pension plan. After one year of full-time service, the Theater contributes 3% of the compensation of all eligible employees and matches the 403(b) salary deferrals of these eligible employees up to an additional 3% of their compensation. The Theater made contributions of \$17,590 and \$9,102 during the years ended June 30, 2021 and 2020, respectively.

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Note 13 - Pension and Other Benefit Plans (continued)

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 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 2021 and 2020 is for the plan's year-end at December 31, 2020 and December 31, 2019, 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.

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JUNE 30, 2021

Note 13 - Pension and Other Benefit Plans (continued)

b - (continued)

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status Pending/ Implemented</u>	<u>Contributions of the Theater</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
		<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>		
Pension Fund of Local No. One, IATSE (Stage Employees)	13-6414973/001	Green	Green	N/A	\$ 2,671	\$313,400	No	June 28, 2020 (negotiation pending)
Equity-League Pension Trust Fund (Actors and Stage Managers)	13-6696817/001	Green	Green	N/A	3,776	130,637	No	February 13, 2022
American Federation of Musicians and Employers' Pension Fund	51-6120204/001	Red	Red	Implemented	166	73,406	Yes	March 6, 2022
United Scenic Artists Local 829 Pension Fund	13-1982707/101	Green	Green	N/A	2,456	25,967	No	June 30, 2022
League-ATPAM Pension Fund (Managers and Press Agents)	13-2928856/001	Green	Green	N/A	8,405	39,547	No	September 23, 2023
Treasurers and Ticket Sellers Local 751 Pension Fund	13-6164776/001	Green	Green	N/A	-	38,731	No	August 30, 2023
All other multiemployer plans - total of five other plans					<u>1,551</u>	<u>65,427</u>		
					<u>\$19,025</u>	<u>\$687,115</u>		

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

Note 14 - Fundraising Benefits

The following reflects the activity from the fundraising events held during the year ended June 30, 2021:

Gross revenue	\$1,453,277
Less: Indirect costs	<u>(44,040)</u>
Net	<u>\$1,409,237</u>

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NOTES TO FINANCIAL STATEMENTS

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Note 14 - Fundraising Benefits (continued)

Direct costs of fundraising benefits reflect the actual expenses incurred for the goods and services (such as food and entertainment) which the donor received. Indirect costs are other costs of the benefit in addition to those directly benefitting the donor. The fundraising event in the fiscal year ended June 30, 2021 was a virtual benefit, with online presentations, and therefore there were no direct costs for food or entertainment.

Note 15 - Subsequent Events, Risks and Uncertainties

In March 2020, the COVID-19 pandemic was declared a national emergency in the United States, and on March 12, the Governor of New York closed all theaters and prohibited public assembly for an indefinite period. All three of the Theater's productions at that time were suspended and ticket sales refunded, with plans for their reopening (and all other stage productions) now expected to be postponed until November 2021. All performers, production staff, and technical crews were laid off, and the salaries of the remaining administrative staff of the Theater were cut. The Theater made a claim for and received reimbursement of \$3,337,533 in lost income under the business interruption provisions of its theatrical property insurance policy. The Theater applied for and received a loan of \$3,705,900 from the federal Paycheck Protection Program (Note 10), of which \$2,832,786 was forgiven in August 2021, and a second-draw loan of \$1,548,226, which is expected to be forgiven in full. In response to the emergency, several major donors to the Theater released their grants, previously designated for theatrical productions or special purposes, and redirected them as support for general operations, resident artistic staff, or video and online projects.

In July 2021, the Theater was awarded a grant in the amount of \$8,451,774 by the U.S. Small Business Administration through the Shuttered Venue Operators Grant program. This grant will cover allowable expenses, including payroll costs, artistic and independent contractor fees, and other ordinary and necessary business expenses incurred during the period from March 2020 through June 2022. Management expects to have sufficient allowable expenses to recognize the full grant amount as revenue during the year ending June 30, 2022.

With the organization's theaters and offices closed, and with the administrative staff working remotely, management conserved its resources for the commissioning of new work and the development of video and online presentations during the fiscal year ending June 30, 2021, with the hope of a full resumption of its theatrical program in the fiscal year ending June 30, 2022.