

**FILM AT LINCOLN CENTER, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Film at Lincoln Center, Inc.

We have audited the accompanying statements of Film at Lincoln Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of 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 Film at Lincoln Center, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 13 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, Film at Lincoln Center, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
August 13, 2020

## FILM AT LINCOLN CENTER, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Cash and cash equivalents (Notes 1b and 4)	\$ 1,483,875	\$ 151,910	\$ 1,635,785	\$ 1,633,393	\$ 448,082	\$ 2,081,475
Accounts receivable	619,197	-	619,197	299,128	-	299,128
Contributions receivable (Notes 1c and 5)						
Operations and programs	617,726	137,689	755,415	1,017,883	362,725	1,380,608
Capital	-	-	-	174,999	-	174,999
Endowment	-	1,476,322	1,476,322	38,750	2,542,371	2,581,121
Prepaid expenses and other assets	75,082	-	75,082	88,886	-	88,886
Investments, at fair value (Notes 1d, 1e, 6 and 7)	923,959	7,633,558	8,557,517	1,200,878	5,288,480	6,489,358
Investment - other (Note 1f)	47,000	452,500	499,500	-	-	-
Property and equipment, net (Notes 1g and 8)	30,414,714	-	30,414,714	31,587,585	-	31,587,585
<b>Total Assets</b>	<b>\$34,181,553</b>	<b>\$ 9,851,979</b>	<b>\$44,033,532</b>	<b>\$36,041,502</b>	<b>\$ 8,641,658</b>	<b>\$44,683,160</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 650,339	\$ -	\$ 650,339	\$ 415,482	\$ -	\$ 415,482
Due to Lincoln Center for the Performing Arts, Inc. (Note 9)	716,770	-	716,770	1,607,490	-	1,607,490
Deferred revenue (Note 1h)	540,680	-	540,680	409,018	-	409,018
Security deposit payable (Note 11)	20,000	-	20,000	20,000	-	20,000
<b>Total Liabilities</b>	<b>1,927,789</b>	<b>-</b>	<b>1,927,789</b>	<b>2,451,990</b>	<b>-</b>	<b>2,451,990</b>
Commitments and Contingency (Notes 9, 10, 11 and 12)						
<b>Net Assets</b>						
Without Donor Restrictions						
Operating	907,907	-	907,907	743,628	-	743,628
Property and equipment	30,414,714	-	30,414,714	31,762,584	-	31,762,584
Board designated (Note 3a)	931,143	-	931,143	1,083,300	-	1,083,300
<b>Total Without Donor Restrictions</b>	<b>32,253,764</b>	<b>-</b>	<b>32,253,764</b>	<b>33,589,512</b>	<b>-</b>	<b>33,589,512</b>
With Donor Restrictions (Note 3b)	-	9,851,979	9,851,979	-	8,641,658	8,641,658
<b>Total Net Assets</b>	<b>32,253,764</b>	<b>9,851,979</b>	<b>42,105,743</b>	<b>33,589,512</b>	<b>8,641,658</b>	<b>42,231,170</b>
<b>Total Liabilities and Net Assets</b>	<b>\$34,181,553</b>	<b>\$ 9,851,979</b>	<b>\$44,033,532</b>	<b>\$36,041,502</b>	<b>\$ 8,641,658</b>	<b>\$44,683,160</b>

See notes to financial statements.

## FILM AT LINCOLN CENTER, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019						2018					
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total		
	Operating	Property and Equipment	Board Designated Funds			Operating	Property and Equipment	Board Designated Funds				
<b>Revenues, Gains and Other Support</b>												
Contributions	\$ 7,605,109	\$ -	\$ -	\$ 7,605,109	\$ 27,735	\$ 7,632,844	\$ 7,022,707	\$ -	\$ 1,112,000	\$ 8,134,707	\$ 180,923	\$ 8,315,630
Contributions - endowment	-	-	-	-	609,792	609,792	-	-	-	-	1,796,913	1,796,913
Gala benefit	1,651,391	-	-	1,651,391	-	1,651,391	1,289,900	-	-	1,289,900	-	1,289,900
Less: Direct expenses	(309,116)	-	-	(309,116)	-	(309,116)	(252,844)	-	-	(252,844)	-	(252,844)
Admissions and ticket charges												
New York Film Festival	1,668,394	-	-	1,668,394	-	1,668,394	1,512,500	-	-	1,512,500	-	1,512,500
Theater general programming and festivals	1,825,640	-	-	1,825,640	-	1,825,640	1,871,717	-	-	1,871,717	-	1,871,717
Concession income	196,363	-	-	196,363	-	196,363	159,367	-	-	159,367	-	159,367
Less: Cost of goods sold	(55,082)	-	-	(55,082)	-	(55,082)	(46,737)	-	-	(46,737)	-	(46,737)
Café revenue (Note 11a)	369,925	-	-	369,925	-	369,925	358,324	-	-	358,324	-	358,324
<i>Film Comment</i> magazine												
Subscriptions and sales	224,191	-	-	224,191	-	224,191	215,238	-	-	215,238	-	215,238
Advertising	427,228	-	-	427,228	-	427,228	425,359	-	-	425,359	-	425,359
Theater rentals	476,861	-	-	476,861	-	476,861	478,676	-	-	478,676	-	478,676
Net investment income (loss) (Note 6)	21,575	-	97,843	119,418	983,403	1,102,821	(4,181)	-	(40,700)	(44,881)	(313,342)	(358,223)
Other income	230,440	-	-	230,440	-	230,440	253,775	-	-	253,775	-	253,775
	14,332,919	-	97,843	14,430,762	1,620,930	16,051,692	13,283,801	-	1,071,300	14,355,101	1,664,494	16,019,595
Net assets released from restrictions	312,209	-	-	312,209	(312,209)	-	211,487	-	-	211,487	(211,487)	-
Transfer of reserve to operations	250,000	-	(250,000)	-	-	-	-	-	-	-	-	-
Reduction of prior year grant	-	-	-	-	(98,400)	(98,400)	-	-	-	-	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>14,895,128</b>	<b>-</b>	<b>(152,157)</b>	<b>14,742,971</b>	<b>1,210,321</b>	<b>15,953,292</b>	<b>13,495,288</b>	<b>-</b>	<b>1,071,300</b>	<b>14,566,588</b>	<b>1,453,007</b>	<b>16,019,595</b>
<b>Expenses (Note 11b)</b>												
Program Services												
New York Film Festival	3,478,036	97,009	-	3,575,045	-	3,575,045	3,302,650	101,817	-	3,404,467	-	3,404,467
Theater general programming and festivals	5,998,625	1,044,597	-	7,043,222	-	7,043,222	5,693,735	1,054,081	-	6,747,816	-	6,747,816
<i>Film Comment</i> magazine	1,331,700	34,109	-	1,365,809	-	1,365,809	1,049,811	27,293	-	1,077,104	-	1,077,104
Membership programs	1,356,978	18,868	-	1,375,846	-	1,375,846	1,148,896	54,372	-	1,203,268	-	1,203,268
Total Program Services	12,165,339	1,194,583	-	13,359,922	-	13,359,922	11,195,092	1,237,563	-	12,432,655	-	12,432,655
Supporting Services												
Management and general	1,222,111	220,331	-	1,442,442	-	1,442,442	1,223,160	51,175	-	1,274,335	-	1,274,335
Fundraising	1,220,397	55,958	-	1,276,355	-	1,276,355	1,013,453	19,463	-	1,032,916	-	1,032,916
Total Supporting Services	2,442,508	276,289	-	2,718,797	-	2,718,797	2,236,613	70,638	-	2,307,251	-	2,307,251
<b>Total Expenses</b>	<b>14,607,847</b>	<b>1,470,872</b>	<b>-</b>	<b>16,078,719</b>	<b>-</b>	<b>16,078,719</b>	<b>13,431,705</b>	<b>1,308,201</b>	<b>-</b>	<b>14,739,906</b>	<b>-</b>	<b>14,739,906</b>
Increase (Decrease) in Net Assets Before Campaign Activity and Transfers	287,281	(1,470,872)	(152,157)	(1,335,748)	1,210,321	(125,427)	63,583	(1,308,201)	1,071,300	(173,318)	1,453,007	1,279,689
Campaign Activity and Transfers												
Transfer for purchase of property and equipment	(123,002)	123,002	-	-	-	-	(133,209)	133,209	-	-	-	-
Campaign contributions	-	-	-	-	-	-	48,750	-	-	48,750	-	48,750
Other transfers (Note 3a)	-	-	-	-	-	-	50,000	(50,000)	-	-	-	-
Total Campaign Activity and Transfers	(123,002)	123,002	-	-	-	-	(34,459)	83,209	-	48,750	-	48,750
Increase (decrease) in net assets	164,279	(1,347,870)	(152,157)	(1,335,748)	1,210,321	(125,427)	29,124	(1,224,992)	1,071,300	(124,568)	1,453,007	1,328,439
Net assets, beginning of year	743,628	31,762,584	1,083,300	33,589,512	8,641,658	42,231,170	714,504	32,987,576	12,000	33,714,080	7,188,651	40,902,731
<b>Net Assets, End of Year</b>	<b>\$ 907,907</b>	<b>\$30,414,714</b>	<b>\$ 931,143</b>	<b>\$ 32,253,764</b>	<b>\$ 9,851,979</b>	<b>\$42,105,743</b>	<b>\$ 743,628</b>	<b>\$31,762,584</b>	<b>\$ 1,083,300</b>	<b>\$ 33,589,512</b>	<b>\$ 8,641,658</b>	<b>\$42,231,170</b>

See notes to financial statements.

## FILM AT LINCOLN CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Program Services				Supporting Services			2019	2018	
	New York Film Festival	Theater General Programming and Festivals	Film Comment Magazine	Membership Programs	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 978,039	\$ 3,755,574	\$ 633,311	\$ 1,038,982	\$ 6,405,906	\$ 841,600	\$ 350,317	\$1,191,917	\$ 7,597,823	\$ 6,967,966
Professional fees and contract services	178,093	440,335	289,062	44,339	951,829	69,119	200,850	269,969	1,221,798	1,101,697
Film rental and transportation	15,433	174,573	-	-	190,006	-	-	-	190,006	220,328
Printing and publications	50,860	49,075	136,548	22,665	259,148	10,057	50,916	60,973	320,121	293,801
Travel and lodging	121,970	162,653	10,831	11,706	307,160	9,910	54,769	64,679	371,839	366,691
Events and receptions	394,991	41,027	1,561	52,332	489,911	2,074	78,151	80,225	570,136	517,381
Utilities and maintenance	189,936	729,336	122,989	100,886	1,143,147	163,440	168,917	332,357	1,475,504	1,484,652
Hall rental	681,326	-	-	-	681,326	-	-	-	681,326	678,438
Advertising and promotion, including donated services of \$1,141,525	756,948	353,230	57,404	47,087	1,214,669	76,284	236,842	313,126	1,527,795	1,146,138
Supplies and equipment	28,535	90,400	5,245	4,303	128,483	6,971	7,204	14,175	142,658	110,942
Postage and shipping	2,003	6,972	27,422	1,985	38,382	1,481	2,797	4,278	42,660	40,099
Insurance	13,393	51,429	8,673	7,114	80,609	11,524	11,911	23,435	104,044	112,621
Telephone	1,435	5,509	929	762	8,635	1,234	1,276	2,510	11,145	25,841
Production costs	5,398	10,158	1,037	851	17,444	1,378	16,483	17,861	35,305	22,333
Bad debt expense	-	-	-	-	-	174,999	-	174,999	174,999	17,770
Credit card fees and other expenses	59,676	128,354	36,688	23,966	248,684	27,039	39,964	67,003	315,687	325,007
Total expenses before depreciation	3,478,036	5,998,625	1,331,700	1,356,978	12,165,339	1,397,110	1,220,397	2,617,507	14,782,846	13,431,705
Depreciation	97,009	1,044,597	34,109	18,868	1,194,583	45,332	55,958	101,290	1,295,873	1,308,201
Total Expenses, 2019	<u>\$ 3,575,045</u>	<u>\$ 7,043,222</u>	<u>\$1,365,809</u>	<u>\$ 1,375,846</u>	<u>\$13,359,922</u>	<u>\$ 1,442,442</u>	<u>\$ 1,276,355</u>	<u>\$2,718,797</u>	<u>\$16,078,719</u>	
Total Expenses, 2018	<u>\$ 3,404,467</u>	<u>\$ 6,747,816</u>	<u>\$1,077,104</u>	<u>\$ 1,203,268</u>	<u>\$12,432,655</u>	<u>\$ 1,274,335</u>	<u>\$ 1,032,916</u>	<u>\$2,307,251</u>		<u>\$14,739,906</u>

See notes to financial statements.

**FILM AT LINCOLN CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services			Total Expenses	
	New York Film Festival	Theater General Programming and Festivals	<i>Film</i> Comment Magazine	Membership Programs	Total	Management and General	Fundraising		Total
Salaries, payroll taxes and employee benefits	\$ 946,156	\$ 3,521,146	\$ 448,115	\$ 892,730	\$ 5,808,147	\$ 840,254	\$ 319,565	\$1,159,819	\$ 6,967,966
Professional fees and contract services	158,763	440,316	259,636	38,659	897,374	67,218	137,105	204,323	1,101,697
Film rental and transportation	19,189	201,139	-	-	220,328	-	-	-	220,328
Printing and publications	69,175	47,376	131,980	14,883	263,414	10,734	19,653	30,387	293,801
Travel and lodging	100,940	183,801	10,136	9,971	304,848	8,083	53,760	61,843	366,691
Events and receptions	369,623	42,590	1,300	42,779	456,292	2,438	58,651	61,089	517,381
Utilities and maintenance	201,596	750,244	95,479	95,106	1,142,425	179,032	163,195	342,227	1,484,652
Hall rental	678,438	-	-	-	678,438	-	-	-	678,438
Advertising and promotion, including donated services of \$989,800	655,840	202,646	30,052	20,597	909,135	38,772	198,231	237,003	1,146,138
Supplies and equipment	22,741	66,460	3,896	3,881	96,978	7,305	6,659	13,964	110,942
Postage and shipping	2,293	6,544	26,405	1,234	36,476	1,540	2,083	3,623	40,099
Bad debt expense									
Insurance	15,292	56,911	7,243	7,214	86,660	13,582	12,379	25,961	112,621
Telephone	3,509	13,058	1,662	1,655	19,884	3,117	2,840	5,957	25,841
Production costs	9,199	3,010	224	223	12,656	419	9,258	9,677	22,333
Credit card fees and other expenses	49,896	158,494	33,683	19,964	262,037	32,896	30,074	62,970	325,007
Total expenses before depreciation	3,302,650	5,693,735	1,049,811	1,148,896	11,195,092	1,205,390	1,013,453	2,218,843	13,413,935
Depreciation	101,817	1,054,081	27,293	54,372	1,237,563	51,175	19,463	70,638	1,308,201
Total Expenses	<u>\$ 3,404,467</u>	<u>\$ 6,747,816</u>	<u>\$1,077,104</u>	<u>\$ 1,203,268</u>	<u>\$12,432,655</u>	<u>\$ 1,256,565</u>	<u>\$ 1,032,916</u>	<u>\$2,289,481</u>	<u>\$14,722,136</u>

See notes to financial statements.

**FILM AT LINCOLN CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (125,427)	\$1,328,439
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,295,873	1,308,201
Donated securities	(580,190)	(415,452)
Realized (gain) loss on investments	20,089	(20,973)
Unrealized (gain) loss on investments	(977,593)	459,284
Donated investment in limited liability company	(499,500)	-
Capital campaign contributions received	-	(174,999)
Endowment contributions	(609,792)	(1,806,913)
Bad debt expense	174,999	17,770
(Increase) decrease in:		
Accounts receivable	(495,068)	(47,731)
Contributions receivable	838,942	(210,068)
Prepaid expenses and other assets	13,804	13,656
Increase (decrease) in:		
Accounts payable and accrued expenses	234,857	106,993
Due to Lincoln Center for the Performing Arts, Inc.	(890,720)	(83,873)
Deferred revenue	131,662	74,889
Net Cash Provided (Used) By Operating Activities	<u>(1,468,064)</u>	<u>549,223</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(123,002)	(133,209)
Purchase of investments	(3,102,626)	(5,118,789)
Proceeds from sale of investments	2,572,161	2,319,809
Net Cash Used By Investing Activities	<u>(653,467)</u>	<u>(2,932,189)</u>
<b>Cash Flows From Financing Activities</b>		
Capital campaign contributions received	-	174,999
Endowment contributions received	1,675,841	2,872,962
Net Cash Provided By Financing Activities	<u>1,675,841</u>	<u>3,047,961</u>
Net increase (decrease) in cash and cash equivalents	(445,690)	664,995
Cash and cash equivalents, beginning of year	<u>2,081,475</u>	<u>1,416,480</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,635,785</u></u>	<u><u>\$2,081,475</u></u>

See notes to financial statements.



**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

a - Organization

Film at Lincoln Center, Inc. ("FLC") was formed to develop, stimulate and support the art of film and related media by the presentation of a film festival or festivals at Lincoln Center for the Performing Arts, Inc. ("Lincoln Center") or elsewhere; show selected film programs; encourage the study of film through seminars and teaching programs at schools, colleges, and other institutions; develop educational programs that involve the use of film and the use of film for training programs, employee services, and the improvement of social conditions; and participate in any and all matters in conjunction with or independent of others in sponsoring, promoting and improving the film media.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, FLC considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those held for long-term investment purposes.

c - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. 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. 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.

Contributions of property, plant and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property, plant and equipment with such donor stipulations are reported as revenues with donor restrictions. Net assets are considered to be released from restriction when such long-lived assets are placed into service.

Conditional promises to give are not included as support until the conditions are substantially met.

FLC uses the allowance method to determine uncollectible contributions receivable. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

d - Fair Value Measurements

Investments are measured at fair value on a recurring basis. 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 data obtained from sources independent of the Film Society. Unobservable inputs reflect FLC'S assumptions about the inputs market participants would use in pricing the asset 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 FLC 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.

e - Investments

Interest, dividends and gains and losses on investments are 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. Gains and other investment income that are limited to specific uses by donor-imposed restrictions 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.

f - Investments - Other

FLC reflects its investment in a nonmarketable limited partnership, which was donated during the year ended December 31, 2019, and recorded at the fair value determined by an appraisal at the time of receipt. FLC performs an assessment of the carrying value of this investment to determine whether any adjustment is necessary to reflect it a lower net realizable value. As of December 31, 2019, no adjustment was deemed necessary. The investment was subsequently sold in January 2020.

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - Property and Equipment

Building and improvements and the EBM Film Center are stated at cost and are being depreciated using the straight-line method over an estimated useful life of forty years. Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful lives of the assets.

h - Revenue Recognition

Memberships, which annually entitle donors to certain discounts and events, are recognized as contribution revenue in the period received. Program fees, admissions, rentals and magazine subscriptions are recognized as revenue in the period the related goods or services are provided.

i - Advertising

Advertising costs are charged to operations when incurred. Advertising expense totaled \$1,527,795 (2019) and \$1,146,138 (2018), including donated services of \$1,141,525 (2019) and \$989,800 (2018).

j - Financial Statement Presentation

The financial statements of the FLC have been prepared in accordance with accounting principles generally accepted in the United States, which require FLC 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 FLC. These net assets may be used at the discretion of the FLC's management and Board of Directors.

Net Assets With Donor Restrictions

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

k - Estimates

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

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

l - 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 FLC's expenses are directly related to program activities. Salaries, payroll taxes and employee benefits, printing, travel, advertising, insurance, utilities, depreciation, and other office and administrative expenses are allocated based on management's estimates of employee time and effort.

m - Tax Status

Film at Lincoln Center, 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.

FLC is subject to federal and state income taxes on any net income derived from advertising revenue, a business activity which is regularly conducted and is, by statute, unrelated to its exempt purpose.

n - New Accounting Pronouncement

For 2019, FLC has adopted Accounting Standards Update (ASU) No 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. Analysis of the various provisions of these standards resulted in no significant changes in the way FLC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

o - Subsequent Events

FLC has evaluated subsequent events through August 13, 2020, the date that the financial statements are considered available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

FLC operates with a balanced budget each fiscal year based on anticipated revenues and expenses. Generally, more than half of annual revenue is comprised of contributions raised during the current year, and revenues from box office receipts and other sources earned during the year. FLC considers general expenses to be all expenses related to its ongoing programming activities, and the expenses related to general and administrative and fundraising activities undertaken to support these services.

**FILM AT LINCOLN CENTER, INC.**  
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**Note 2 - Information Regarding Liquidity and Availability (continued)**

FLC regularly monitors liquidity to meet its operating needs and other commitments and obligations. Staff prepares a weekly cash needs summary for review by the CFO, with an agreed-upon amount kept in reserve at times of heavy working capital needs.

FLC's financial assets as of December 31 available within one year to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,635,785	\$ 2,081,475
Accounts receivable	619,197	299,128
Contributions receivable	2,231,737	4,136,728
Investments	8,557,517	6,489,358
Other investments	<u>499,500</u>	<u>-</u>
Total Financial Assets	13,543,736	13,006,689
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	(1,585,197)	(984,668)
Plus: Net assets with restrictions to be met in less than a year	164,377	312,887
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(8,266,782)	(7,656,990)
Plus: Amounts appropriated for use within one year	248,655	197,000
Board designated endowment funds	(819,143)	(721,300)
Plus: Amounts appropriated for use within one year	26,345	28,000
Board designated reserves	<u>(112,000)</u>	<u>(362,000)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,199,991</u>	<u>\$ 3,819,618</u>

In addition to these financial assets available within one year, FLC maintains board designated endowment funds of \$792,297, which are invested for long-term appreciation and current income, and board designated reserve funds of \$112,000, which are maintained for specific purposes. However, these amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the Board. FLC also has a line of credit as more fully described in Note 10, available to meet short-term or unanticipated liquidity needs.

**FILM AT LINCOLN CENTER, INC.**  
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**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Net Assets

Board designated net assets consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Board designated endowment (Note 7)	\$819,143	\$ 721,300
Board Designated Reserves:		
50 <sup>th</sup> anniversary celebration	-	250,000
Digital archiving	<u>112,000</u>	<u>112,000</u>
	<u>112,000</u>	<u>362,000</u>
	<u>\$931,143</u>	<u>\$1,083,300</u>

b - Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
Programming/Educational Initiatives	\$ 591,678	\$ 848,929
Specific periods	<u>55,445</u>	<u>120,805</u>
	<u>647,123</u>	<u>969,734</u>
Endowment:		
Subject to appropriation for use in general operations	938,074	14,934
Investment in perpetuity	<u>8,266,782</u>	<u>7,656,990</u>
Total Endowments	<u>9,204,856</u>	<u>7,671,924</u>
Total Net Assets With Donor Restrictions	<u>\$9,851,979</u>	<u>\$8,641,658</u>

**Note 4 - Concentration of Credit Risk**

FLC maintains cash accounts in financial institutions in New York. Certain balances are insured by the Federal Deposit Insurance Corporation.

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 - Contributions Receivable**

Contributions receivable at December 31 are due as follows:

	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Time and Purpose</b>	<b>Perpetual in Nature</b>	
Due within one year	\$617,726	\$ 61,540	\$ 661,823	\$1,341,089
Due within one to five years	-	81,500	882,500	964,000
	<u>617,726</u>	<u>143,040</u>	<u>1,544,323</u>	<u>2,305,089</u>
Less: Discount	-	(5,351)	(68,001)	(73,352)
Total	<u>\$617,726</u>	<u>\$137,689</u>	<u>\$1,476,322</u>	<u>\$2,231,737</u>
	<b>2018</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Time and Purpose</b>	<b>Perpetual in Nature</b>	
Due within one year	\$1,231,632	\$237,610	\$1,122,225	\$2,591,467
Due within one to five years	-	135,500	1,550,500	1,686,000
	<u>1,231,632</u>	<u>373,110</u>	<u>2,672,725</u>	<u>4,277,467</u>
Less: Discount	-	(10,385)	(130,354)	(140,739)
Total	<u>\$1,231,632</u>	<u>\$362,725</u>	<u>\$2,542,371</u>	<u>\$4,136,728</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to net present value using a discount rate of 3%.

**Note 6 - Investments**

Investments, all of which are considered Level 1 in the fair value hierarchy, consist of the following at December 31:

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 721,197	\$ 721,197	\$1,404,624	\$1,404,624
Mutual funds - equities	4,131,429	4,808,302	3,195,597	2,969,743
Mutual funds - fixed income	<u>2,963,353</u>	<u>3,028,018</u>	<u>2,125,192</u>	<u>2,114,991</u>
	<u>\$7,815,979</u>	<u>\$8,557,517</u>	<u>\$6,725,413</u>	<u>\$6,489,358</u>

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 - Investments (continued)**

Net investment income (loss) for the years ended December 31, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 182,474	\$ 106,959
Realized gain (loss)	(20,089)	20,973
Unrealized gain (loss)	977,593	(459,284)
Investment advisory fees	<u>(37,157)</u>	<u>(26,871)</u>
	<u>\$1,102,821</u>	<u>\$(358,223)</u>

**Note 7 - Endowment Funds**

FLC's endowment consists of the donor-restricted endowment fund described in Note 3c as well as the board designated funds described in Note 3a. Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), FLC classifies as net assets for investment in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the 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 endowment with donor restrictions that is not for investment in perpetuity is classified as endowment subject to spending policy and appropriation until those amounts are appropriated for expenditure by FLC.

In accordance with NYPMIFA, FLC 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 FLC 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 FLC;
- (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 FLC; and
- (viii) the investment policy of FLC



**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Endowment Funds (continued)**

FLC's invested endowment funds by net asset classification as of December 31 are summarized as follows:

	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Donor-restricted endowment funds	\$ -	\$938,074	\$6,790,460	\$7,728,534
Board designated endowment funds	<u>819,143</u>	<u>-</u>	<u>-</u>	<u>819,143</u>
Total Endowment Funds	<u>\$819,143</u>	<u>\$938,074</u>	<u>\$6,790,460</u>	<u>\$8,547,677</u>

	<b>2018</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Donor-restricted endowment funds	\$ -	\$14,934	\$5,114,619	\$5,129,553
Board designated endowment funds	<u>721,300</u>	<u>-</u>	<u>-</u>	<u>721,300</u>
Total Endowment Funds	<u>\$721,300</u>	<u>\$14,934</u>	<u>\$5,114,619</u>	<u>\$5,850,853</u>

Changes in endowment funds for the years ended December 31 are summarized as follows:

	<b>2019</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Endowment funds, beginning of year	\$721,300	\$ 14,934	\$5,114,619	\$5,850,853
Contributions received	-	-	1,675,841	1,675,841
Net investment income	<u>97,843</u>	<u>923,140</u>	<u>-</u>	<u>1,020,983</u>
Endowment Funds, End of Year	<u>\$819,143</u>	<u>\$938,074</u>	<u>\$6,790,460</u>	<u>\$8,547,677</u>

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Endowment Funds (continued)**

	<b>2018</b>			<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
		<b>Investment Income Above Original Gift Amount</b>	<b>Investment in Perpetuity</b>	
Endowment funds, beginning of year	\$ 12,000	\$305,788	\$2,811,000	\$3,128,788
Contributions received	750,000	-	2,303,619	3,053,619
Net investment loss	<u>(40,700)</u>	<u>(290,854)</u>	<u>-</u>	<u>(331,554)</u>
Endowment Funds, End of Year	<u>\$721,300</u>	<u>\$ 14,934</u>	<u>\$5,114,619</u>	<u>\$5,850,853</u>

FLC has adopted an investment policy with the objective of preserving the long-term real purchasing power of the funds' assets while realizing appropriate investment income. The asset allocation of endowment funds shall be determined from time to time by FLC's Board of Directors, in consultation with any managers or advisors if desired (unless the Board delegates such task to an external manager), which allocation shall reflect a proper balance of such fund's investment objective, any risk tolerance standard and the need for liquidity.

FLC has also adopted an endowment spending policy to set forth the standards and guidelines governing spending from endowment funds. It is anticipated that the annual spending draw will not exceed 5.0% of the portfolio value. The Finance Committee recommends the annual percentage to the Board for approval. If the spending amount is greater than 5.0%, then in the following fiscal year, the spending draw will be reduced by the amount of overspending in the preceding year. The annual draw is computed by taking the average of the ending market value of the portfolio for each of the preceding twelve quarters, or fewer if twelve are not available. For 2019 and 2018, no appropriations were made from FLC's endowment funds.

**Note 8 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<b>Life</b>	<b>2019</b>	<b>2018</b>
Building and improvements	40 years	\$ 9,956,781	\$10,441,389
EBM Film Center building	40 years	34,280,807	34,280,807
Furniture and equipment	5 years	<u>1,065,421</u>	<u>2,939,333</u>
		45,303,009	47,661,529
Less: Accumulated depreciation		<u>(14,888,295)</u>	<u>(16,073,944)</u>
		<u>\$30,414,714</u>	<u>\$31,587,585</u>

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Property and Equipment (continued)**

During the year ended December 31, 2019, fully depreciated assets in the amount of \$2,481,522 were written off.

**Note 9 - Lincoln Center for the Performing Arts, Inc.**

FLC is a constituent organization of Lincoln Center for the Performing Arts, Inc. ("Lincoln Center"). Under various agreements with Lincoln Center, FLC conducts programming in the Elinor Bunin-Monroe ("EBM") Film Center and the Walter Reade Theater, occupies its administrative offices, and uses other facilities of Lincoln Center for certain activities. Certain members of the Board of Directors of FLC are also members of the Board of Directors of Lincoln Center.

FLC participates in fundraising efforts conducted on a consolidated basis with Lincoln Center. FLC received \$285,596 and \$265,804 for the years ended December 31, 2019 and 2018, respectively, for contributions through this consolidated fund drive.

Pursuant to an agreement with Lincoln Center, FLC pays a constituency fee for the annual use of Alice Tully Hall. The fee for 2019 and 2018 was \$44,030 and \$43,345, respectively, and is adjusted annually based on the consumer price index. In addition, Lincoln Center provides various administrative services for FLC, for which FLC was charged \$55,233 and \$64,567 for the years ended December 31, 2019 and 2018, respectively.

Through November 2019, Lincoln Center processed FLC's payroll and related employee benefits. In addition, in cooperation with certain of its constituents, including FLC, Lincoln Center maintains a multipurpose building, which includes a residential tower, a theater and office space. FLC occupies office space, as well as a theater, in the building. FLC reimburses Lincoln Center for personnel costs and its share of occupancy costs. Amounts due to Lincoln Center as of December 31, 2019 and 2018 totaled \$716,770 and \$1,607,490, respectively.

**Note 10 - Line of Credit**

FLC had a \$1 million line of credit with a financial institution, to be used for working capital. This line of credit matured on September 26, 2018, and was not renewed. Borrowings bore interest at variable rates based on the financial institution's commercial borrowing rates.

**FILM AT LINCOLN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 - Line of Credit (continued)**

In March 2019, FLC entered in a new line of credit with a different financial institution in the amount of \$1 million. This line of credit matures on September 30, 2020. Borrowings bear interest at variable rates based on the US prime rate. No borrowings were outstanding at December 31, 2019.

**Note 11 - Commitment and Related Party Transaction**

- a - FLC entered into an agreement with a third party for the operation of its Café in the EBM Film Center. The agreement expires on January 31, 2024 and requires the Café operator to pay FLC minimum monthly facility fees, and a percentage of its annual gross sales.
- b - During 2019, FLC paid \$150,000 to the company of a Board member for professional services for branding and marketing services related to its new name and logo, and the celebration of its 50<sup>th</sup> anniversary.

**Note 12 - Pension Plans**

- a - FLC's employees are compensated through Lincoln Center and participate in a defined benefit pension plan maintained by Lincoln Center, which covers substantially all employees. Because FLC's employees comprise a portion of this plan, information as to vested and nonvested earned benefits, as well as plan assets as they relate to FLC's employees, is not readily available. The annual pension expense related to this plan totaled approximately \$585,000 (2019) and \$550,000 (2018).
- b - FLC contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risk of participating in a multiemployer plan is 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 FLC chooses to stop participating in its multiemployer plan, FLC may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

**FILM AT LINCOLN CENTER, INC.**  
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**Note 12 - Pension Plans (continued)**

b - (continued)

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 2019 and 2018 is for the plan’s year-end at December 31, 2018 and 2017, respectively. FLC’s participation in this plan comprised approximately 1% of the total plan for the years ended December 31, 2018 and 2017. The zone status is based on information that FLC received from the 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 plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status Pending Implementation</u>	<u>Contributions of The Film Society</u>		<u>Surcharge Imposed</u>	<u>Expiration of Collective Bargaining Agreement</u>
		<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>		
Moving Picture Machine Operators Union of Greater New York Local 306	13-6613842/001	Red	Red	Implemented	<u>\$72,836</u>	<u>\$72,042</u>	No	January 31, 2023

**Note 13 - Subsequent Events**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, FLC has suspended some of its program activities at the direction of state and local governmental authorities. While management is currently evaluating the potential impact that the resulting economic uncertainties may have on FLC, it has taken steps to mitigate that impact by migrating some programmatic offerings online, instituting across-the-board budget cuts, and reducing staff via both furloughs and permanent layoffs. FLC has also obtained funding under the federal CARES Act program and intends to use a substantial bequest received for unrestricted purposes. With these steps, and ongoing oversight, management believes that its current financial assets are sufficient to support FLC’s operations on an ongoing basis.