

FILM AT LINCOLN CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



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, 2020 and 2019, 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 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 Film at Lincoln Center, Inc. as of December 31, 2020 and 2019, 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 14 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
July 14, 2021

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash and cash equivalents (Notes 1b and 4)	\$ 1,605,385	\$ 695,514	\$ 2,300,899	\$ 1,483,875	\$ 151,910	\$ 1,635,785
Accounts receivable	218,244	-	218,244	619,197	-	619,197
Contributions receivable (Notes 1c and 5)						
Operations and programs	812,697	280,094	1,092,791	617,726	137,689	755,415
Endowment	-	1,141,000	1,141,000	-	1,476,322	1,476,322
Prepaid expenses and other assets	86,768	-	86,768	75,082	-	75,082
Investments, at fair value (Notes 1d, 1e, 6 and 7)	1,043,854	9,575,616	10,619,470	923,959	7,633,558	8,557,517
Investment - other (Note 1f)	-	-	-	47,000	452,500	499,500
Property and equipment, net (Notes 1g and 8)	29,142,244	-	29,142,244	30,414,714	-	30,414,714
Total Assets	\$32,909,192	\$11,692,224	\$44,601,416	\$34,181,553	\$ 9,851,979	\$44,033,532
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	\$ 207,165	\$ -	\$ 207,165	\$ 650,339	\$ -	\$ 650,339
Due to Lincoln Center for the Performing Arts, Inc. (Note 9)	736,835	-	736,835	716,770	-	716,770
Deferred revenue (Note 1h)	286,225	-	286,225	525,680	-	525,680
Refundable advance	126,038	-	126,038	15,000	-	15,000
Security deposit payable	20,000	-	20,000	20,000	-	20,000
Total Liabilities	1,376,263	-	1,376,263	1,927,789	-	1,927,789
Commitments and Contingency (Notes 9, 10, 11, 12 and 14)						
Net Assets						
Without Donor Restrictions						
Operating	1,164,911	-	1,164,911	907,907	-	907,907
Property and equipment	29,142,244	-	29,142,244	30,414,714	-	30,414,714
Board designated (Note 3a)	1,225,774	-	1,225,774	931,143	-	931,143
Total Without Donor Restrictions	31,532,929	-	31,532,929	32,253,764	-	32,253,764
With Donor Restrictions (Note 3b)	-	11,692,224	11,692,224	-	9,851,979	9,851,979
Total Net Assets	31,532,929	11,692,224	43,225,153	32,253,764	9,851,979	42,105,743
Total Liabilities and Net Assets	\$32,909,192	\$11,692,224	\$44,601,416	\$34,181,553	\$ 9,851,979	\$44,033,532

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020						2019					
	Without Donor Restrictions				With Donor Restrictions		Without Donor Restrictions				With Donor Restrictions	
	Operating	Property and Equipment	Board Designated Funds	Total	Restrictions	Total	Operating	Equipment	Designated Funds	Total	Restrictions	Total
Revenues, Gains and Other Support												
Contributions	\$ 7,595,174	\$ -	\$ -	\$ 7,595,174	\$ 604,459	\$ 8,199,633	\$ 7,605,109	\$ -	\$ -	\$ 7,605,109	\$ 27,735	\$ 7,632,844
Other transfers (Note 3a)	(201,131)	-	201,131	-	-	-	-	-	-	-	-	-
Contributions - endowment	-	-	-	-	393,851	393,851	-	-	-	-	609,792	609,792
Gala benefit	-	-	-	-	-	-	1,651,391	-	-	1,651,391	-	1,651,391
Less: Direct expenses	-	-	-	-	-	-	(309,116)	-	-	(309,116)	-	(309,116)
Loan forgiveness - Paycheck Protection Program (Note 13)	1,279,400	-	-	1,279,400	-	1,279,400	-	-	-	-	-	-
Admissions and ticket charges												
New York Film Festival	659,931	-	-	659,931	-	659,931	1,668,394	-	-	1,668,394	-	1,668,394
Theater general programming and festivals	646,184	-	-	646,184	-	646,184	1,825,640	-	-	1,825,640	-	1,825,640
Concession income	66,656	-	-	66,656	-	66,656	196,363	-	-	196,363	-	196,363
Less: Cost of goods sold	(13,051)	-	-	(13,051)	-	(13,051)	(55,082)	-	-	(55,082)	-	(55,082)
Café revenue (Note 11a)	63,441	-	-	63,441	-	63,441	369,925	-	-	369,925	-	369,925
<i>Film Comment</i> magazine												
Subscriptions and sales	103,762	-	-	103,762	-	103,762	224,191	-	-	224,191	-	224,191
Advertising	97,222	-	-	97,222	-	97,222	427,228	-	-	427,228	-	427,228
Theater rentals	41,500	-	-	41,500	-	41,500	476,861	-	-	476,861	-	476,861
Net investment income (loss) (Note 6)	(2,746)	-	93,500	90,754	1,006,312	1,097,066	21,575	-	97,843	119,418	983,403	1,102,821
Other income	87,190	-	-	87,190	-	87,190	230,440	-	-	230,440	-	230,440
	10,423,532	-	294,631	10,718,163	2,004,622	12,722,785	14,332,919	-	97,843	14,430,762	1,620,930	16,051,692
Net assets released from restrictions	164,377	-	-	164,377	(164,377)	-	312,209	-	-	312,209	(312,209)	-
Transfer of reserve to operations	-	-	-	-	-	-	250,000	-	(250,000)	-	-	-
Reduction of prior year grant	-	-	-	-	-	-	-	-	-	-	(98,400)	(98,400)
Total Revenues, Gains and Other Support	10,587,909	-	294,631	10,882,540	1,840,245	12,722,785	14,895,128	-	(152,157)	14,742,971	1,210,321	15,953,292
Expenses (Note 11b)												
Program Services												
New York Film Festival	2,596,986	100,740	-	2,697,726	-	2,697,726	3,478,036	97,009	-	3,575,045	-	3,575,045
Theater general programming and festivals	3,792,088	1,013,939	-	4,806,027	-	4,806,027	5,998,625	1,044,597	-	7,043,222	-	7,043,222
<i>Film Comment</i> magazine	824,179	32,462	-	856,641	-	856,641	1,331,700	34,109	-	1,365,809	-	1,365,809
Membership programs	1,374,598	7,119	-	1,381,717	-	1,381,717	1,356,978	18,868	-	1,375,846	-	1,375,846
Total Program Services	8,587,851	1,154,260	-	9,742,111	-	9,742,111	12,165,339	1,194,583	-	13,359,922	-	13,359,922
Supporting Services												
Management and general	1,317,733	61,053	-	1,378,786	-	1,378,786	1,222,111	220,331	-	1,442,442	-	1,442,442
Fundraising	404,770	77,708	-	482,478	-	482,478	1,220,397	55,958	-	1,276,355	-	1,276,355
Total Supporting Services	1,722,503	138,761	-	1,861,264	-	1,861,264	2,442,508	276,289	-	2,718,797	-	2,718,797
Total Expenses	10,310,354	1,293,021	-	11,603,375	-	11,603,375	14,607,847	1,470,872	-	16,078,719	-	16,078,719
Increase (Decrease) in Net Assets Before Campaign Activity and Transfers	277,555	(1,293,021)	294,631	(720,835)	1,840,245	1,119,410	287,281	(1,470,872)	(152,157)	(1,335,748)	1,210,321	(125,427)
Campaign Activity and Transfers												
Transfer for purchase of property and equipment	(20,551)	20,551	-	-	-	-	(123,002)	123,002	-	-	-	-
Increase (decrease) in net assets	257,004	(1,272,470)	294,631	(720,835)	1,840,245	1,119,410	164,279	(1,347,870)	(152,157)	(1,335,748)	1,210,321	(125,427)
Net assets, beginning of year	907,907	30,414,714	931,143	32,253,764	9,851,979	42,105,743	743,628	31,762,584	1,083,300	33,589,512	8,641,658	42,231,170
Net Assets, End of Year	\$ 1,164,911	\$29,142,244	\$1,225,774	\$31,532,929	\$11,692,224	\$43,225,153	\$ 907,907	\$30,414,714	\$ 931,143	\$32,253,764	\$ 9,851,979	\$42,105,743

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services					Supporting Services			2020	2019
	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	\$ 809,118	\$ 2,467,597	\$ 465,429	\$ 1,114,151	\$ 4,856,295	\$ 875,359	\$ 102,070	\$ 977,429	\$ 5,833,724	\$ 7,597,823
Professional fees and contract services	168,531	341,166	161,735	52,652	724,084	81,084	62,106	143,190	867,274	1,221,798
Film rental and transportation	15,329	72,232	-	-	87,561	-	-	-	87,561	190,006
Printing and publications	18,763	7,940	41,733	4,836	73,272	2,817	5,164	7,981	81,253	320,121
Travel and lodging	39,867	72,976	4,593	8,910	126,346	8,479	9,899	18,378	144,724	371,839
Events and receptions	33,679	4,162	785	21,180	59,806	1,476	21,352	22,828	82,634	570,136
Utilities and maintenance	178,351	543,925	102,593	122,794	947,663	192,954	145,293	338,247	1,285,910	1,475,504
Hall rental	705,094	-	-	-	705,094	-	-	-	705,094	681,326
Advertising and promotion, including donated services of \$652,753	522,931	93,867	18,645	20,043	655,486	31,495	23,716	55,211	710,697	1,527,795
Supplies and equipment	13,184	33,083	2,636	3,156	52,059	4,959	3,734	8,693	60,752	142,658
Postage and shipping	-	-	130	-	130	-	-	-	130	42,660
Insurance	11,557	35,247	6,648	7,957	61,409	12,504	9,415	21,919	83,328	104,044
Telephone	2,051	6,256	1,180	1,412	10,899	2,221	1,671	3,892	14,791	11,145
Production costs	5,142	2,648	263	315	8,368	495	372	867	9,235	35,305
Bad debt expense	-	-	-	-	-	80,000	-	80,000	80,000	174,999
Credit card fees and other expenses	73,389	110,989	17,809	17,192	219,379	23,890	19,978	43,868	263,247	315,687
Total expenses before depreciation	2,596,986	3,792,088	824,179	1,374,598	8,587,851	1,317,733	404,770	1,722,503	10,310,354	14,782,846
Depreciation	100,740	1,013,939	32,462	7,119	1,154,260	61,053	77,708	138,761	1,293,021	1,295,873
Total Expenses, 2020	<u>\$ 2,697,726</u>	<u>\$ 4,806,027</u>	<u>\$ 856,641</u>	<u>\$ 1,381,717</u>	<u>\$ 9,742,111</u>	<u>\$ 1,378,786</u>	<u>\$ 482,478</u>	<u>\$ 1,861,264</u>	<u>\$ 11,603,375</u>	
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>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services			Total Expenses
	New York Film Festival	Theater General Programming and Festivals	Film Comment Magazine	Membership Programs	Total	Management and General	Fundraising	Total	
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
Professional fees and contract services	178,093	440,335	289,062	44,339	951,829	69,119	200,850	269,969	1,221,798
Film rental and transportation	15,433	174,573	-	-	190,006	-	-	-	190,006
Printing and publications	50,860	49,075	136,548	22,665	259,148	10,057	50,916	60,973	320,121
Travel and lodging	121,970	162,653	10,831	11,706	307,160	9,910	54,769	64,679	371,839
Events and receptions	394,991	41,027	1,561	52,332	489,911	2,074	78,151	80,225	570,136
Utilities and maintenance	189,936	729,336	122,989	100,886	1,143,147	163,440	168,917	332,357	1,475,504
Hall rental	681,326	-	-	-	681,326	-	-	-	681,326
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
Supplies and equipment	28,535	90,400	5,245	4,303	128,483	6,971	7,204	14,175	142,658
Postage and shipping	2,003	6,972	27,422	1,985	38,382	1,481	2,797	4,278	42,660
Insurance	13,393	51,429	8,673	7,114	80,609	11,524	11,911	23,435	104,044
Telephone	1,435	5,509	929	762	8,635	1,234	1,276	2,510	11,145
Production costs	5,398	10,158	1,037	851	17,444	1,378	16,483	17,861	35,305
Bad debt expense	-	-	-	-	-	174,999	-	174,999	174,999
Credit card fees and other expenses	59,676	128,354	36,688	23,966	248,684	27,039	39,964	67,003	315,687
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
Depreciation	97,009	1,044,597	34,109	18,868	1,194,583	45,332	55,958	101,290	1,295,873
Total Expenses	<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>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$1,119,410	\$ (125,427)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,293,021	1,295,873
Donated securities	(319,685)	(580,190)
Realized loss on investments	43,738	20,089
Unrealized gain on investments	(1,011,447)	(977,593)
Donated investment in limited liability company	-	(499,500)
Endowment contributions	(393,851)	(609,792)
Bad debt expense	80,000	174,999
(Increase) decrease in:		
Accounts receivable	400,953	(495,068)
Contributions receivable	(417,376)	838,942
Prepaid expenses and other assets	(11,686)	13,804
Increase (decrease) in:		
Accounts payable and accrued expenses	(443,174)	234,857
Due to Lincoln Center for the Performing Arts, Inc.	20,065	(890,720)
Deferred revenue	(239,455)	116,662
Refundable advance	111,038	15,000
Net Cash Provided (Used) By Operating Activities	<u>231,551</u>	<u>(1,468,064)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(20,551)	(123,002)
Purchase of investments	(2,414,141)	(3,102,626)
Proceeds from sale of investments	1,639,582	2,572,161
Proceeds from sale of investment - other	499,500	-
Net Cash Used By Investing Activities	<u>(295,610)</u>	<u>(653,467)</u>
Cash Flows From Financing Activities		
Endowment contributions received	<u>729,173</u>	<u>1,675,841</u>
Net increase (decrease) in cash and cash equivalents	665,114	(445,690)
Cash and cash equivalents, beginning of year	<u>1,635,785</u>	<u>2,081,475</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,300,899</u></u>	<u><u>\$1,635,785</u></u>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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 sold in January 2020.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

FLC has multiple revenue streams that are accounted for as exchange transactions including admissions and ticket charges, concession income, café revenue, magazine subscriptions and sales, advertising, theater rentals and memberships. With the exception of memberships, which can be for a period of one year, all of FLC's revenue from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. FLC records deferred revenue in situations when amounts are collected, but the performance obligations have not yet been met.

Admissions and ticket charges is recognized on the date the screening or programming takes place. Concession income and café revenue are recognized when products are sold. Magazine subscriptions, sales, and advertising are recognized as revenue in the period of publication and distribution, or upon sale, if applicable. Theater rental income is recognized ratably over the period of rental wage.

Membership revenue is collected at the commencement of the membership period. Membership revenue is primarily contribution revenue, and a portion represents an exchange transaction and entitles members to certain discounts and events over the course of the membership period. FLC recognizes membership revenue as contribution revenue in the year received since the substantial portion of FLC's performance obligations is completed by the end of each year and the value related to other membership benefits is de minimus.

i - Advertising

Advertising costs are charged to operations when incurred. Advertising expense totaled \$710,697 (2020) and \$1,527,795 (2019), including donated services of \$652,753 (2020) and \$1,141,525 (2019).

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

j - Financial Statement Presentation

The financial statements of 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.

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.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

n - New Accounting Pronouncement

For 2020, FLC adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, which requires 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 FLC satisfies the performance obligations. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this ASU had no significant impact on FLC’s financial statements.

o - Subsequent Events

FLC has evaluated subsequent events through July 14, 2021, the date that the financial statements are considered available to be issued.

p - Prior Year Information

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

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.

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.

In 2020, in response to the effects of COVID-19, FLC substantially reduced all operating costs via layoffs, furloughs, reduction of all operating expenses, and delay or cancelation of many of its programmatic offerings. In addition, FLC made use of federal pandemic-relief programs and an unexpected bequest.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

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

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 2,300,899	\$ 1,635,785
Accounts receivable	218,244	619,197
Contributions receivable	2,233,791	2,231,737
Investments	10,619,470	8,557,517
Other investments	<u>-</u>	<u>499,500</u>
Total Financial Assets	15,372,404	13,543,736
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	(3,031,591)	(1,585,197)
Plus: Net assets with restrictions to be met in less than one year	692,814	164,377
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(8,660,633)	(8,266,782)
Plus: Amounts appropriated for use within one year	273,510	248,655
Board designated endowment funds	(912,643)	(819,143)
Plus: Amounts appropriated for use within one year	26,490	26,345
Board designated reserves	<u>(313,131)</u>	<u>(112,000)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,447,220</u>	<u>\$ 3,199,991</u>

In addition to these financial assets available within one year, FLC maintains board designated endowment funds of \$912,643, which are invested for long-term appreciation and current income, and board designated reserve funds of \$313,131, 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.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Board designated endowment (Note 7)	\$ 912,643	\$819,143
Board Designated Reserves:		
Digital archiving	112,000	112,000
2020 gala proceeds	<u>201,131</u>	<u>-</u>
	<u>313,131</u>	<u>112,000</u>
	<u>\$1,225,774</u>	<u>\$931,143</u>

- b - Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
Programming/Educational Initiatives	\$ 487,513	\$ 591,678
Specific periods	<u>640,608</u>	<u>55,445</u>
	<u>1,128,121</u>	<u>647,123</u>
Endowment:		
Subject to appropriation for use in general operations	1,903,470	938,074
Investment in perpetuity	<u>8,660,633</u>	<u>8,266,782</u>
Total Endowments	<u>10,564,103</u>	<u>9,204,856</u>
Total Net Assets With Donor Restrictions	<u>\$11,692,224</u>	<u>\$9,851,979</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
DECEMBER 31, 2020 AND 2019

Note 5 - Contributions Receivable

Contributions receivable at December 31 are due as follows:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual in Nature	
Due within one year	\$812,697	\$257,000	\$ 536,150	\$1,605,847
Due within one to five years	-	24,500	654,000	678,500
	<u>812,697</u>	<u>281,500</u>	<u>1,190,150</u>	<u>2,284,347</u>
Less: Discount	-	(1,406)	(49,150)	(50,556)
Total	<u>\$812,697</u>	<u>\$280,094</u>	<u>\$1,141,000</u>	<u>\$2,233,791</u>
	2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual in Nature	
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>

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:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 712,426	\$ 712,426	\$ 721,197	\$ 721,197
Exchange-traded funds - equities	4,790,342	6,393,123	4,131,429	4,808,302
Fixed income:				
Corporate bonds	1,351,495	1,406,316	1,454,776	1,490,885
International bonds	203,176	206,330	124,901	127,755
U.S. Treasury notes	295,521	305,099	444,995	452,382
Exchange-traded funds	<u>1,513,525</u>	<u>1,596,176</u>	<u>938,681</u>	<u>956,996</u>
	<u>\$8,866,485</u>	<u>\$10,619,470</u>	<u>\$7,815,979</u>	<u>\$8,557,517</u>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 6 - Investments (continued)

Net investment income for the years ended December 31, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 172,759	\$ 182,474
Realized loss	(43,738)	(20,089)
Unrealized gain	1,011,447	977,593
Investment advisory fees	<u>(43,402)</u>	<u>(37,157)</u>
	<u>\$1,097,066</u>	<u>\$1,102,821</u>

Note 7 - Endowment Funds

FLC's endowment consists of the donor-restricted endowment fund described in Note 3b 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
DECEMBER 31, 2020 AND 2019

Note 7 - Endowment Funds (continued)

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

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Donor-restricted endowment funds	\$ -	\$1,903,470	\$7,519,633	\$ 9,423,103
Board designated endowment funds	<u>912,643</u>	<u>-</u>	<u>-</u>	<u>912,643</u>
Total Endowment Funds	<u>\$912,643</u>	<u>\$1,903,470</u>	<u>\$7,519,633</u>	<u>\$10,335,746</u>

	2019			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
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>

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

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Endowment funds, beginning of year	\$819,143	\$ 938,074	\$6,790,460	\$ 8,547,677
Contributions received	-	-	729,173	729,173
Net investment income	<u>93,500</u>	<u>965,396</u>	<u>-</u>	<u>1,058,896</u>
Endowment Funds, End of Year	<u>\$912,643</u>	<u>\$1,903,470</u>	<u>\$7,519,633</u>	<u>\$10,335,746</u>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 7 - Endowment Funds (continued)

	2019			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
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>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>

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 2020 and 2019, no appropriations were made from FLC's endowment funds.

Note 8 - Property and Equipment

Property and equipment consist of the following at December 31:

	Life	2020	2019
Building and improvements	40 years	\$ 9,956,781	\$ 9,956,781
EBM Film Center building	40 years	34,280,807	34,280,807
Furniture and equipment	5 years	<u>1,076,572</u>	<u>1,065,421</u>
		45,314,160	45,303,009
Less: Accumulated depreciation		<u>(16,171,916)</u>	<u>(14,888,295)</u>
		<u>\$29,142,244</u>	<u>\$30,414,714</u>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 \$152,280 and \$285,596 for the years ended December 31, 2020 and 2019, 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 2020 and 2019 was \$44,990 and \$44,030, 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 \$30,292 and \$55,233 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 totaled \$736,835 and \$716,770, respectively.

Note 10 - Line of Credit

In March 2019, FLC entered in a line of credit with a financial institution in the amount of \$1 million. This line of credit matures on September 30, 2021. Borrowings bear interest at variable rates based on the U.S. prime rate. No borrowings were outstanding at December 31, 2020 or 2019.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 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 50th anniversary.

Note 12 - Pension Plans

- a - FLC's employees 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 \$600,000 (2020) and \$585,000 (2019).
- 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.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 2020 and 2019 is for the plan's year-end at December 31, 2019 and 2018, respectively. FLC's participation in this plan comprised approximately 14% and 7% of the total plan for the years ended December 31, 2020 and 2019, respectively. 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>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>		
Moving Picture Machine Operators Union of Greater New York Local 306	13-6613842/001	Red	Red	Implemented	<u>\$17,184</u>	<u>\$72,836</u>	No	January 31, 2023

Note 13 - Loan Forgiveness - Paycheck Protection Program

During 2020, FLC received a loan totaling \$1,279,400 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if FLC met certain employee retention requirements and the funds were used for eligible expenses. Because management expected to meet the requirements for forgiveness of the entire loan amount, the loan was recorded as a conditional grant and recognized as revenue for 2020 since eligible expenses totaling \$1,279,400 were paid with the proceeds of the loan. The loan was forgiven in March 2021.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 14 - Risks and Uncertainties

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, FLC suspended all of its live program activities at the direction of state and local governmental authorities. Management slowly migrated some programmatic offerings online, instituted across-the-board budget cuts, and reduced staff via both furloughs and permanent layoffs. FLC also obtained funding under the federal Payroll Protection Program, which was entirely forgiven (Note 13), and used a substantial bequest received for unrestricted purposes. With these steps, and the execution of the New York Film Festival via online and drive-in outlets, management met all its obligations in 2020.

In 2021, management has expanded online programming, has begun reopening its theaters under the capacity limitations imposed by New York State, and received a “second draw” Payroll Protection Program loan in the amount of \$1,060,600. In addition, FLC qualifies for a Shuttered Venue Operators grant, and has submitted an application. With these factors, and ongoing oversight, management believes that its current financial assets are sufficient to support FLC's operations on an ongoing basis.