

FILM AT LINCOLN CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



LUTZ AND GARR
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Film at Lincoln Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Film at Lincoln Center, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Film at Lincoln Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Film at Lincoln Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Film at Lincoln Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Film at Lincoln Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

New York, New York
January 26, 2023

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash and cash equivalents (Notes 1b and 4)	\$ 3,759,689	\$ 12,000	\$ 3,771,689	\$ 1,605,385	\$ 695,514	\$ 2,300,899
Accounts receivable	293,283	-	293,283	218,244	-	218,244
Contributions receivable (Notes 1c and 5)						
Operations and programs	1,474,716	64,500	1,539,216	812,697	280,094	1,092,791
Endowment	-	881,727	881,727	-	1,141,000	1,141,000
Prepaid expenses and other assets	95,448	-	95,448	86,768	-	86,768
Investments, at fair value (Notes 1d, 1e, 6 and 7)	1,374,302	11,256,685	12,630,987	1,043,854	9,575,616	10,619,470
Property and equipment, net (Notes 1g and 8)	28,124,072	-	28,124,072	29,142,244	-	29,142,244
Total Assets	\$35,121,510	\$12,214,912	\$47,336,422	\$32,909,192	\$11,692,224	\$44,601,416
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	\$ 721,528	\$ -	\$ 721,528	\$ 207,165	\$ -	\$ 207,165
Due to Lincoln Center for the Performing Arts, Inc. (Note 9)	1,212,517	-	1,212,517	736,835	-	736,835
Deferred revenue (Note 1h)	322,172	-	322,172	286,225	-	286,225
Refundable advance	-	-	-	126,038	-	126,038
Conditional grant (Note 14)	2,547,357	-	2,547,357	-	-	-
Security deposit payable	20,000	-	20,000	20,000	-	20,000
Interfund payable (receivable)	(761)	761	-	-	-	-
Total Liabilities	<u>4,822,813</u>	<u>761</u>	<u>4,823,574</u>	<u>1,376,263</u>	<u>-</u>	<u>1,376,263</u>
Commitments and Contingency (Notes 9, 10, 11 and 12)						
Net Assets						
Without Donor Restrictions						
Operating	1,039,760	-	1,039,760	1,164,911	-	1,164,911
Property and equipment	28,124,072	-	28,124,072	29,142,244	-	29,142,244
Board designated (Note 3a)	1,134,865	-	1,134,865	1,225,774	-	1,225,774
Total Without Donor Restrictions	<u>30,298,697</u>	<u>-</u>	<u>30,298,697</u>	<u>31,532,929</u>	<u>-</u>	<u>31,532,929</u>
With Donor Restrictions (Note 3b)	-	12,214,151	12,214,151	-	11,692,224	11,692,224
Total Net Assets	<u>30,298,697</u>	<u>12,214,151</u>	<u>42,512,848</u>	<u>31,532,929</u>	<u>11,692,224</u>	<u>43,225,153</u>
Total Liabilities and Net Assets	\$35,121,510	\$12,214,912	\$47,336,422	\$32,909,192	\$11,692,224	\$44,601,416

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021						2020					
	Without Donor Restrictions				With Donor		Without Donor Restrictions				With Donor	
	Operating	Property and Equipment	Board Designated Funds	Total	Restrictions	Total	Operating	Property and Equipment	Board Designated Funds	Total	Restrictions	Total
Revenues, Gains and Other Support												
Contributions	\$ 7,686,721	\$ -	\$ -	\$ 7,686,721	\$ 1,406	\$ 7,688,127	\$ 7,595,174	\$ -	\$ -	\$ 7,595,174	\$ 604,459	\$ 8,199,633
Other transfers (Note 3a)	201,131	-	(201,131)	-	-	-	(201,131)	-	201,131	-	-	-
Contributions - endowment	-	-	-	-	38,411	38,411	-	-	-	-	393,851	393,851
Gala benefit	1,171,594	-	-	1,171,594	-	1,171,594	-	-	-	-	-	-
Less: Direct expenses	(287,971)	-	-	(287,971)	-	(287,971)	-	-	-	-	-	-
Loan forgiveness - Paycheck Protection Program (Note 13)	1,060,600	-	-	1,060,600	-	1,060,600	1,279,400	-	-	1,279,400	-	1,279,400
Admissions and ticket charges												
New York Film Festival	1,615,771	-	-	1,615,771	-	1,615,771	659,931	-	-	659,931	-	659,931
Theater general programming and festivals	665,571	-	-	665,571	-	665,571	646,184	-	-	646,184	-	646,184
Concession income	25,451	-	-	25,451	-	25,451	66,656	-	-	66,656	-	66,656
Less: Cost of goods sold	(11,518)	-	-	(11,518)	-	(11,518)	(13,051)	-	-	(13,051)	-	(13,051)
Café revenue (Note 11a)	46,000	-	-	46,000	-	46,000	63,441	-	-	63,441	-	63,441
<i>Film Comment</i> magazine												
Subscriptions and sales	21,785	-	-	21,785	-	21,785	103,762	-	-	103,762	-	103,762
Advertising	80,035	-	-	80,035	-	80,035	97,222	-	-	97,222	-	97,222
Theater rentals	124,525	-	-	124,525	-	124,525	41,500	-	-	41,500	-	41,500
Net investment income (loss) (Note 6)	1,300	-	110,222	111,522	1,229,433	1,340,955	(2,746)	-	93,500	90,754	1,006,312	1,097,066
Other income	270,142	-	-	270,142	-	270,142	87,190	-	-	87,190	-	87,190
	12,671,137	-	(90,909)	12,580,228	1,269,250	13,849,478	10,423,532	-	294,631	10,718,163	2,004,622	12,722,785
Net assets released from restrictions	747,323	-	-	747,323	(747,323)	-	164,377	-	-	164,377	(164,377)	-
Total Revenues, Gains and Other Support	13,418,460	-	(90,909)	13,327,551	521,927	13,849,478	10,587,909	-	294,631	10,882,540	1,840,245	12,722,785
Expenses (Note 11b)												
Program Services												
New York Film Festival	4,246,675	101,905	-	4,348,580	-	4,348,580	2,596,986	100,740	-	2,697,726	-	2,697,726
Theater general programming and festivals	4,742,963	1,026,991	-	5,769,954	-	5,769,954	3,792,088	1,013,939	-	4,806,027	-	4,806,027
<i>Film Comment</i> magazine	604,252	21,362	-	625,614	-	625,614	824,179	32,462	-	856,641	-	856,641
Membership programs	1,579,786	37,289	-	1,617,075	-	1,617,075	1,374,598	7,119	-	1,381,717	-	1,381,717
Total Program Services	11,173,676	1,187,547	-	12,361,223	-	12,361,223	8,587,851	1,154,260	-	9,742,111	-	9,742,111
Supporting Services												
Management and general	1,555,676	60,058	-	1,615,734	-	1,615,734	1,317,733	61,053	-	1,378,786	-	1,378,786
Fundraising	541,292	43,534	-	584,826	-	584,826	404,770	77,708	-	482,478	-	482,478
Total Supporting Services	2,096,968	103,592	-	2,200,560	-	2,200,560	1,722,503	138,761	-	1,861,264	-	1,861,264
Total Expenses	13,270,644	1,291,139	-	14,561,783	-	14,561,783	10,310,354	1,293,021	-	11,603,375	-	11,603,375
Increase (Decrease) in Net Assets Before Transfers	147,816	(1,291,139)	(90,909)	(1,234,232)	521,927	(712,305)	277,555	(1,293,021)	294,631	(720,835)	1,840,245	1,119,410
Transfers												
Transfer for purchase of property and equipment	(272,967)	272,967	-	-	-	-	(20,551)	20,551	-	-	-	-
Increase (decrease) in net assets	(125,151)	(1,018,172)	(90,909)	(1,234,232)	521,927	(712,305)	257,004	(1,272,470)	294,631	(720,835)	1,840,245	1,119,410
Net assets, beginning 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
Net Assets, End of Year	\$ 1,039,760	\$28,124,072	\$1,134,865	\$30,298,697	\$12,214,151	\$42,512,848	\$ 1,164,911	\$29,142,244	\$1,225,774	\$31,532,929	\$11,692,224	\$43,225,153

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021					2020				
	Program Services				Total	Supporting Services			Total Expenses	Total Expenses
	New York Film Festival	Theater General Programming and Festivals	Film Comment Magazine	Membership Programs		Management and General	Fundraising	Total		
Salaries, payroll taxes and employee benefits	\$ 919,371	\$ 2,962,498	\$340,818	\$ 1,189,805	\$ 5,412,492	\$ 955,118	\$ 99,635	\$1,054,753	\$ 6,467,245	\$ 5,833,724
Professional fees and contract services	256,694	497,410	125,391	77,992	957,487	122,036	90,681	212,717	1,170,204	867,274
Film rental and transportation	21,607	20,238	-	-	41,845	-	-	-	41,845	87,561
Printing and publications	45,844	10,287	1,183	10,277	67,591	3,329	10,623	13,952	81,543	81,253
Travel and lodging	45,109	21,178	1,429	3,176	70,892	3,811	3,572	7,383	78,275	144,724
Events and receptions	233,962	57,718	5,642	58,069	355,391	15,859	59,718	75,577	430,968	82,634
Utilities and maintenance	189,651	611,113	70,305	139,197	1,010,266	197,655	159,750	357,405	1,367,671	1,285,910
Hall rental	753,189	46,332	5,330	9,304	814,155	14,986	10,862	25,848	840,003	705,094
Advertising and promotion, including donated services of \$2,121,951 (2021) and \$652,753 (2020)	1,668,511	320,324	34,980	61,058	2,084,873	98,342	71,284	169,626	2,254,499	710,697
Supplies and equipment	22,836	50,260	2,713	4,736	80,545	7,629	5,529	13,158	93,703	60,752
Postage and shipping	-	-	-	-	-	-	-	-	-	130
Insurance	11,716	37,752	4,343	7,581	61,392	12,211	8,851	21,062	82,454	83,328
Telephone	229	739	85	148	1,201	241	173	414	1,615	14,791
Production costs	33,042	8,275	797	1,391	43,505	2,239	1,623	3,862	47,367	9,235
Bad debt expense	-	-	-	-	-	100,000	-	100,000	100,000	80,000
Credit card fees and other expenses	44,914	98,839	11,236	17,052	172,041	22,220	18,991	41,211	213,252	263,247
Total expenses before depreciation	4,246,675	4,742,963	604,252	1,579,786	11,173,676	1,555,676	541,292	2,096,968	13,270,644	10,310,354
Depreciation	101,905	1,026,991	21,362	37,289	1,187,547	60,058	43,534	103,592	1,291,139	1,293,021
Total Expenses, 2021	<u>\$ 4,348,580</u>	<u>\$ 5,769,954</u>	<u>\$625,614</u>	<u>\$ 1,617,075</u>	<u>\$12,361,223</u>	<u>\$ 1,615,734</u>	<u>\$ 584,826</u>	<u>\$2,200,560</u>	<u>\$14,561,783</u>	
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>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	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	\$ 809,118	\$ 2,467,597	\$465,429	\$ 1,114,151	\$4,856,295	\$ 875,359	\$ 102,070	\$ 977,429	\$ 5,833,724
Professional fees and contract services	168,531	341,166	161,735	52,652	724,084	81,084	62,106	143,190	867,274
Film rental and transportation	15,329	72,232	-	-	87,561	-	-	-	87,561
Printing and publications	18,763	7,940	41,733	4,836	73,272	2,817	5,164	7,981	81,253
Travel and lodging	39,867	72,976	4,593	8,910	126,346	8,479	9,899	18,378	144,724
Events and receptions	33,679	4,162	785	21,180	59,806	1,476	21,352	22,828	82,634
Utilities and maintenance	178,351	543,925	102,593	122,794	947,663	192,954	145,293	338,247	1,285,910
Hall rental	705,094	-	-	-	705,094	-	-	-	705,094
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
Supplies and equipment	13,184	33,083	2,636	3,156	52,059	4,959	3,734	8,693	60,752
Postage and shipping	-	-	130	-	130	-	-	-	130
Insurance	11,557	35,247	6,648	7,957	61,409	12,504	9,415	21,919	83,328
Telephone	2,051	6,256	1,180	1,412	10,899	2,221	1,671	3,892	14,791
Production costs	5,142	2,648	263	315	8,368	495	372	867	9,235
Bad debt expense	-	-	-	-	-	80,000	-	80,000	80,000
Credit card fees and other expenses	73,389	110,989	17,809	17,192	219,379	23,890	19,978	43,868	263,247
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
Depreciation	100,740	1,013,939	32,462	7,119	1,154,260	61,053	77,708	138,761	1,293,021
Total Expenses	<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>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (712,305)	\$1,119,410
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	1,291,139	1,293,021
Donated securities	(430,782)	(319,685)
Realized (gain) loss on investments	(75,794)	43,738
Unrealized gain on investments	(1,106,978)	(1,011,447)
Endowment contributions	(38,411)	(393,851)
Bad debt expense	100,000	80,000
(Increase) decrease in:		
Accounts receivable	(75,039)	400,953
Contributions receivable	(546,425)	(417,376)
Prepaid expenses and other assets	(8,680)	(11,686)
Increase (decrease) in:		
Accounts payable and accrued expenses	514,363	(443,174)
Due to Lincoln Center for the Performing Arts, Inc.	475,682	20,065
Deferred revenue	35,947	(239,455)
Refundable advance	(126,038)	111,038
Conditional advance	2,547,357	-
Net Cash Provided By Operating Activities	<u>1,844,036</u>	<u>231,551</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(272,967)	(20,551)
Purchase of investments	(1,611,357)	(2,414,141)
Proceeds from sale of investments	1,213,394	1,639,582
Proceeds from sale of investment - other	-	499,500
Net Cash Used By Investing Activities	<u>(670,930)</u>	<u>(295,610)</u>
Cash Flows From Financing Activities		
Endowment contributions received	<u>297,684</u>	<u>729,173</u>
Net increase in cash and cash equivalents	1,470,790	665,114
Cash and cash equivalents, beginning of year	<u>2,300,899</u>	<u>1,635,785</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,771,689</u></u>	<u><u>\$2,300,899</u></u>

See notes to financial statements.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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 reflected its investment in a nonmarketable limited partnership, which was donated during 2019, and recorded at the fair value determined by an appraisal at the time of receipt. FLC performed an assessment of the carrying value of this investment to determine whether any adjustment was necessary to reflect it a lower net realizable value. The investment was sold in January 2020.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$2,254,499 (2021) and \$710,697 (2020), including donated services of \$2,121,951 (2021) and \$652,753 (2020).

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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

n - Subsequent Events

FLC has evaluated subsequent events through January 26, 2023, 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.

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 to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 3,771,689	\$ 2,300,899
Accounts receivable	293,283	218,244
Contributions receivable	2,420,943	2,233,791
Investments	<u>12,630,987</u>	<u>10,619,470</u>
Total Financial Assets	19,116,902	15,372,404
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	(437,633)	(1,128,121)
Plus: Net assets with restrictions to be met in less than one year	101,813	692,814
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(11,776,518)	(10,564,103)
Plus: Amounts appropriated for use within one year	434,245	273,510
Board designated endowment funds	(1,022,865)	(912,643)
Plus: Amounts appropriated for use within one year	40,755	26,490
Board designated reserves	<u>(112,000)</u>	<u>(313,131)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 6,344,699</u>	<u>\$ 3,447,220</u>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

In addition to these financial assets available within one year, FLC maintains board designated endowment funds of \$1,022,865, 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.

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>2021</u>	<u>2020</u>
Board designated endowment (Note 7)	\$ 1,022,865	\$ 912,643
Board Designated Reserves:		
Digital archiving	112,000	112,000
2020 gala proceeds	-	201,131
	<u>112,000</u>	<u>313,131</u>
	<u>\$1,134,865</u>	<u>\$1,225,774</u>

b - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Programming/Educational Initiatives	\$ 413,133	\$ 487,513
Specific periods	24,500	640,608
	<u>437,633</u>	<u>1,128,121</u>
Endowment:		
Subject to appropriation for use in general operations	3,077,474	1,903,470
Investment in perpetuity	8,699,044	8,660,633
Total Endowments	<u>11,776,518</u>	<u>10,564,103</u>
Total Net Assets With Donor Restrictions	<u>\$12,214,151</u>	<u>\$11,692,224</u>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

Note 5 - Contributions Receivable

Contributions receivable at December 31 are due as follows:

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual in Nature	
Due within one year	\$1,474,716	\$64,500	\$548,150	\$2,087,366
Due within one to five years	-	-	350,000	350,000
	1,474,716	64,500	898,150	2,437,366
Less: Discount	-	-	(16,423)	(16,423)
Total	<u>\$1,474,716</u>	<u>\$64,500</u>	<u>\$881,727</u>	<u>\$2,420,943</u>

	2020			Total
	Without Donor Restrictions	With Donor Restrictions		
		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
	812,697	281,500	1,190,150	2,284,347
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>

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%.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 6 - Investments

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

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 663,339	\$ 663,339	\$ 712,426	\$ 712,426
Exchange-traded funds - equities	5,794,078	8,577,460	4,790,342	6,393,123
Fixed Income:				
Corporate bonds	1,150,580	1,165,342	1,351,495	1,406,316
International bonds	155,175	153,276	203,176	206,330
U.S. Treasury notes	146,508	151,571	295,521	305,099
Exchange-traded funds	<u>1,861,344</u>	<u>1,919,999</u>	<u>1,513,525</u>	<u>1,596,176</u>
	<u>\$9,771,024</u>	<u>\$12,630,987</u>	<u>\$8,866,485</u>	<u>\$10,619,470</u>

Net investment income for the years ended December 31, 2021 and 2020 is summarized as follows:

	2021	2020
Interest and dividends	\$ 209,518	\$ 172,759
Realized gain (loss)	75,794	(43,738)
Unrealized gain	1,106,978	1,011,447
Investment advisory fees	<u>(51,335)</u>	<u>(43,402)</u>
	<u>\$1,340,955</u>	<u>\$1,097,066</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.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 7 - Endowment Funds (continued)

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

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

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Donor-restricted endowment funds	\$ -	\$3,077,474	\$7,817,317	\$10,894,791
Board designated endowment funds	<u>1,022,865</u>	<u>-</u>	<u>-</u>	<u>1,022,865</u>
Total Endowment Funds	<u>\$1,022,865</u>	<u>\$3,077,474</u>	<u>\$7,817,317</u>	<u>\$11,917,656</u>
	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		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>

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 7 - Endowment Funds (continued)

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

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Investment Income Above Original Gift Amount	Investment in Perpetuity	
Endowment funds, beginning of year	\$ 912,643	\$1,903,470	\$7,519,633	\$10,335,746
Contributions received	-	-	297,684	297,684
Net investment income	<u>110,222</u>	<u>1,174,004</u>	<u>-</u>	<u>1,284,226</u>
Endowment Funds, End of Year	<u>\$1,022,865</u>	<u>\$3,077,474</u>	<u>\$7,817,317</u>	<u>\$11,917,656</u>

	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>

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 2021 and 2020, no appropriations were made from FLC's endowment funds.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 8 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
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>722,821</u>	<u>1,076,572</u>
		44,960,409	45,314,160
Less: Accumulated depreciation		<u>(16,836,337)</u>	<u>(16,171,916)</u>
		<u>\$28,124,072</u>	<u>\$29,142,244</u>

During the year ended December 31, 2021, fully depreciated assets totaling \$626,718 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 \$114,210 and \$152,280 for the years ended December 31, 2021 and 2020, 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 2021 and 2020 was \$45,718 and \$44,990, 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 \$42,432 and \$30,292 for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020 totaled \$1,212,517 and \$736,835, respectively.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 matured on November 30, 2022. FLC expects the line to be renewed for one year. Borrowings bear interest at variable rates based on the U.S. prime rate. No borrowings were outstanding at December 31, 2021 or 2020.

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, as amended, expired on December 31, 2022 and requires the Café operator to pay FLC minimum monthly facility fees, and a percentage of its annual gross sales. In January 2023, FLC entered into a five-year renewable agreement with a different third party for the operation of the Café. The agreement requires the Café operator to pay FLC monthly rental fees, which include minimum rent, utilities, and profit-sharing payments, when available.
- b - During 2021, FLC paid \$175,000 to the company of a Board member for professional services for strategic management consulting.

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 \$630,000 (2021) and \$600,000 (2020).
- 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, 2021 AND 2020

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 2021 and 2020 is for the plan's year-end at December 31, 2020 and 2019, respectively. FLC's participation in this plan comprised approximately 8% and 14% of the total plan for the years ended December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>		
Moving Picture Machine Operators Union of Greater New York Local 306	13-6613842/001	Red	Red	Implemented	<u>\$54,489</u>	<u>\$17,184</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.

During 2021, FLC received a second loan totaling \$1,060,600 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. The loan was forgiven in November 2021.

FILM AT LINCOLN CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 14 - Conditional Grant

On July 28, 2021, FLC received a Shuttered Venue Operators Grant (the "SVOG") from the U.S. Small Business Administration (the "SBA") in the amount of \$1,344,704. On September 24, 2021, FLC was awarded a supplement SVOG in the amount of \$1,202,653, bringing the total SVOG award to \$2,547,357. The SVOG is a conditional grant and is recognized as contribution revenue only when eligible expenses have been incurred. FLC expects to use these grant funds for 2022 expenses. Accordingly, the full amount of the SVOG is reflected as a conditional grant liability at December 31, 2021.