LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Financial Statements and Consolidating Schedules

June 30, 2015

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Lincoln Center for the Performing Arts, Inc.:

We have audited the accompanying consolidated financial statements of Lincoln Center for the Performing Arts, Inc. and related entity, which comprise the consolidated balance sheet as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Center for the Performing Arts, Inc. and related entity as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Lincoln Center for the Performing Arts, Inc. and the related entity's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated November 7, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the accompanying consolidating schedules as of and for the year ended June 30, 2015 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

November 18, 2015

**LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY**

Consolidated Balance Sheet

June 30, 2015
(with comparative amounts for 2014)

		2015	**2014**
Assets			
Cash and cash equivalents	$	15,692,919	21,262,444
Restricted cash (note 8)		25,029,137	17,604,018
Accounts and investment income receivable		12,880,114	12,925,594
Contributions and grants receivable (note 4)		99,561,196	80,337,860
Prepaid expenses, inventory and other assets		12,341,701	10,709,375
Investments (notes 5 and 10)		241,807,775	236,714,119
Fixed assets, net (note 6)		344,483,686	350,400,607
Total assets	$	751,796,528	729,954,017
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	18,637,656	16,295,514
Deferred revenue		9,195,050	10,315,331
Fair value of interest rate swaps (note 8)		44,688,191	38,825,678
Long-term debt (note 8)		252,168,852	252,444,508
Total liabilities		324,689,749	317,881,031
Commitments and contingencies (notes 7, 13 and 14)			
Net assets (notes 11 and 16):			
Unrestricted:			
General operating		11,376,767	11,369,249
Board designated		119,094,911	118,717,382
Redevelopment and other physical capital		132,929,916	121,685,620
Total unrestricted		263,401,594	251,772,251
Temporarily restricted		66,756,223	63,798,154
Permanently restricted		96,948,962	96,502,581
Total net assets		427,106,779	412,072,986
Total liabilities and net assets	$	751,796,528	729,954,017

See accompanying notes to consolidated financial statements.

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Statement of Activities

Year ended June 30, 2015
(with summarized comparative information for 2014)

	2015							
	Unrestricted							
	General operating	Board designated	Redevelopment and other physical plant (note 3)	Total	Temporarily restricted	Permanently restricted	Total	2014 Total
Revenue:								
Contributions, private grants, and bequests	$ 17,229,172	165,922	15,000,000	32,395,094	59,404,476	446,381	92,245,951	65,085,387
Government grants (note 12)	618,136	—	—	618,136	869,725	—	1,487,861	2,793,285
Investment return (note 5):								
Designated for current operations	4,207,703	—	—	4,207,703	5,053,652	—	9,261,355	8,755,475
In excess of amounts designated for current operations	—	220,705	—	220,705	198,000	—	418,705	27,388,239
Net realized and unrealized loss on swap agreements (note 8)	—	—	(5,862,513)	(5,862,513)	—	—	(5,862,513)	(1,712,123)
Box office and other program service revenue	16,452,563	—	—	16,452,563	—	—	16,452,563	11,724,633
Facilities services (note 9)	27,740,791	3,587,069	—	31,327,860	—	—	31,327,860	28,748,800
Rental income	30,457,492	—	—	30,457,492	—	—	30,457,492	31,419,010
Other income	2,752,475	39,688	924,397	3,716,560	—	—	3,716,560	4,135,434
Special event revenue, net of expenses of $1,368,242 and $1,236,081 in 2015 and 2014, respectively	10,945,008	—	—	10,945,008	—	—	10,945,008	9,424,815
Net assets released from restrictions	21,075,861	2,643,527	38,848,396	62,567,784	(62,567,784)	—	—	—
Total revenue	131,479,201	6,656,911	48,910,280	187,046,392	2,958,069	446,381	190,450,842	187,762,955
Expenses (note 15):								
Program services:								
Performance presentations	27,168,309	—	212,011	27,380,320	—	—	27,380,320	25,104,013
Media development (Live from Lincoln Center)	5,819,481	—	—	5,819,481	—	—	5,819,481	4,218,199
Education and outreach	7,874,224	—	339,217	8,213,441	—	—	8,213,441	6,220,818
Facilities management and services	60,401,036	879,754	11,498,497	72,779,287	—	—	72,779,287	69,660,934
Guest services	2,053,267	—	—	2,053,267	—	—	2,053,267	2,323,268
New ventures and special projects	2,329,749	—	—	2,329,749	—	—	2,329,749	2,252,648
Redevelopment Projects	—	—	1,136,736	1,136,736	—	—	1,136,736	661,751
Interest and other financing costs, net (note 8)	—	—	12,423,815	12,423,815	—	—	12,423,815	12,333,737
Total program services	105,646,066	879,754	25,610,276	132,136,096	—	—	132,136,096	122,775,368
Supporting services:								
Management and general	18,776,083	—	1,972,787	20,748,870	—	—	20,748,870	19,882,300
Fundraising	6,049,534	—	16,482,549	22,532,083	—	—	22,532,083	6,047,536
Total supporting services	24,825,617	—	18,455,336	43,280,953	—	—	43,280,953	25,929,836
Total expenses	130,471,683	879,754	44,065,612	175,417,049	—	—	175,417,049	148,705,204
Excess of revenue over expenses	1,007,518	5,777,157	4,844,668	11,629,343	2,958,069	446,381	15,033,793	39,057,751
Transfers:								
Renewal and replacement reserve	(1,000,000)	1,000,000	—	—	—	—	—	—
Investment in fixed assets	—	(6,399,628)	6,399,628	—	—	—	—	—
Total transfers	(1,000,000)	(5,399,628)	6,399,628	—	—	—	—	—
Change in net assets	7,518	377,529	11,244,296	11,629,343	2,958,069	446,381	15,033,793	39,057,751
Net assets at beginning of year	11,369,249	118,717,382	121,685,620	251,772,251	63,798,154	96,502,581	412,072,986	373,015,235
Net assets at end of year	$ 11,376,767	119,094,911	132,929,916	263,401,594	66,756,223	96,948,962	427,106,779	412,072,986

See accompanying notes to consolidated financial statements.

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidated Statement of Cash Flows

Year ended June 30, 2015
(with comparative amounts for 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 15,033,793	39,057,751
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized appreciation on investments	(10,518,461)	(36,632,360)
Change in fair value of interest rate swaps	5,862,513	1,712,123
Depreciation and amortization	13,098,452	13,352,118
Loss on disposition of fixed assets	118,663	—
Contributions and grants restricted for permanent endowment	(446,381)	(11,884,804)
Contributions restricted for capital assets	(3,671,081)	(600,000)
Changes in operating assets and liabilities:		
Accounts and investment income receivable	45,480	(1,923,269)
Contributions and grants receivable	(18,731,555)	(1,860,309)
Prepaid expenses, inventory, and other assets	(1,703,402)	(3,559,623)
Accounts payable and accrued expenses	1,610,280	1,628,673
Deferred revenue	(1,120,281)	6,183,093
Net cash (used in) provided by operating activities	(421,980)	5,473,393
Cash flows from investing activities:		
Purchase of fixed assets	(7,447,269)	(5,025,498)
Accounts payable and accrued expenses – Redevelopment Projects	731,862	115,548
Purchase of investments	(53,854,535)	(47,294,856)
Proceeds from the sale of investments	59,279,340	59,724,809
Change in restricted cash	(7,425,119)	(2,043,581)
Net cash (used in) provided by investing activities	(8,715,721)	5,476,422
Cash flows from financing activities:		
Contributions restricted for permanent endowment	446,381	11,884,804
Contributions restricted for capital assets	3,671,081	600,000
Change in contributions receivable for permanent endowment and capital	(491,781)	(7,911,368)
(Increase) decrease in funds held by bond trustee	(57,505)	121,319
Repayments on long-term debt – Redevelopment Projects	—	(50,000,000)
Borrowings under line of credit	15,000,000	—
Repayments of line of credit	(15,000,000)	—
Net cash provided by (used in) financing activities	3,568,176	(45,305,245)
Net decrease in cash and cash equivalents	(5,569,525)	(34,355,430)
Cash and cash equivalents:		
Beginning of year	21,262,444	55,617,874
End of year	$ 15,692,919	21,262,444
Interest paid	$ 12,188,155	11,997,122

See accompanying notes to consolidated financial statements.

(1) Business

Lincoln Center for the Performing Arts, Inc. (LCPA) was founded in 1956 to develop and maintain a performing arts complex that would sustain and encourage the musical and performing arts. In addition to operating and maintaining some of the performance facilities at the LCPA site in New York City, LCPA provides programs and presents concerts and other performances that supplement the presentations of its fellow constituent organizations (collectively, the Constituents): the Chamber Music Society of Lincoln Center, the Film Society of Lincoln Center, Jazz at Lincoln Center, the Juilliard School, the Vivian Beaumont Theater (the Lincoln Center Theater), the Metropolitan Opera, the City Center for Music and Drama, Inc. (the New York City Ballet), the Philharmonic Symphony Society of New York, Inc. (New York City Philharmonic Orchestra), the New York Public Library for the Performing Arts, and the School of American Ballet. LCPA has agreements with its Constituents to provide certain use of facilities on the Lincoln Center campus, central facility services and to manage the consolidated Corporate Fund which benefits LCPA and its Constituents. Pursuant to these agreements, the costs of providing these services and the funds raised from the consolidated fundraising campaign are allocated among LCPA and its constituents.

On January 12, 2001, Lincoln Center Development Project, Inc. (LCDP) was incorporated to implement and oversee the redevelopment of certain specified components of the campus. On May 24, 2010, LCDP became a wholly owned related entity of LCPA. In July 2012, LCDP amended its Certificate of Incorporation to expand its purposes beyond the boundaries of the Lincoln Center campus. The amendment embraces Lincoln Center's goal of fostering the performing arts to improve the cultural life of communities throughout the United States and the world.

LCPA and LCDP are nonprofit organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

(2) Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of LCPA and LCDP (collectively, Lincoln Center or the Organization). All significant inter-organization balances and transactions have been eliminated in consolidation.

(b) Basis of Presentation

The consolidated financial statements of Lincoln Center have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles.

(c) Net Asset Classifications

Lincoln Center reports information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions, which stipulate that the resources be maintained permanently, but permit Lincoln Center to expend part or all of the income derived from the resources for either specified or unspecified purposes.

- Temporarily restricted net assets contain donor-imposed restrictions that permit Lincoln Center to expend the resources as specified. The restrictions are satisfied either by the passage of time or by actions of Lincoln Center.
- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have been met. Lincoln Center's board of directors has designated a portion of the unrestricted net assets for working capital, renewal and replacement reserves, special operating reserves, investment in fixed assets, long-term investments (funds functioning as endowment), and charitable gift annuities.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as restricted support that increases temporarily restricted net assets; those restrictions expire when the long-lived assets are placed in service.

(d) Cash and Cash Equivalents

Cash equivalents include investments with maturities of three months or less at time of purchase, except for such assets held by Lincoln Center's investment managers as part of their long term investment strategies.

(e) Restricted Cash

Restricted cash consists of cash held as collateral by two major banking institutions under the terms of the interest rate swap agreements.

(f) Investments

Investments in fixed income, equity securities, and mutual funds are presented at fair value based upon the last quoted market price at the end of the fiscal year. Alternative investments (nontraditional, not readily marketable vehicles), some of which are structured such that Lincoln Center holds limited partnership interests, hedge funds, and commingled funds, are stated at estimated fair value, as a practical expedient, based on net asset values provided by the investment managers. Individual investment holdings within the alternative investments may be invested in both publicly traded securities and less liquid securities, which are valued by the investment managers after considering pertinent factors. Lincoln Center reviews and evaluates methods and assumptions used in determining the net asset values of the alternative investments. Lincoln Center believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2015 and 2014. Because alternative investments do not have readily determinable market values, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed, and such difference could be material.

(g) Fixed Assets

Fixed assets, which are recorded at cost, consist of land, building, equipment, and construction in progress for assets owned by Lincoln Center and leasehold improvements. The Lincoln Center campus includes land and property owned by the City of New York (the City), such as the New York State Theater, Library/Museum, Damrosch Park, the Garage and Josie Robertson Plaza. In addition, certain construction costs of Lincoln Center-owned buildings, e.g., the Rose Building, are owned by other tenant Constituents using the building. Such City-owned properties and construction costs owned by other Constituents using Lincoln Center-owned properties are not included in the accompanying consolidated financial statements.

Costs incurred by Lincoln Center relating to improvements to City-owned facilities, including the public spaces, are expensed as incurred. Lincoln Center has been reimbursed by the City for a portion of those project expenses through an agreement with the NYC Economic Development Corporation.

The City-owned garage at Lincoln Center is operated under a License Agreement from the City. Pursuant to the License Agreement with the City, all operating surpluses from the garage are utilized to help fund the security and maintenance expenses for the public areas. If in any year there is an operating deficit, Lincoln Center may apply for reimbursement, but such reimbursement is not guaranteed, and therefore, Lincoln Center reports its pro rata share of expense. If at the end of the year there is an operating surplus, such surplus is reported as a liability in the consolidated balance sheet.

Buildings and building improvements and furniture, fixtures, and equipment are depreciated on the straight-line method over their estimated useful lives (buildings and building improvements – 40 years; furniture, fixtures, and equipment – 3 to 10 years). Works of art are recorded at cost and not depreciated. Normal additions to and replacements of fixed assets below $25,000 are expensed as incurred.

(h) Deferred Bond Issuance Costs

Bond issuance costs are deferred and amortized on a straight-line basis over the term of the bonds.

(i) Operating Measure

The change in unrestricted general operating net assets includes operating support and revenue, operating expenses, transfers to a Board designated renewal and replacement reserve, transfers to or from other unrestricted funds, and investment return, based on a spending rate, on certain permanently restricted endowment funds and unrestricted net assets functioning as endowment. The spending rate policy is designed to provide a predictable level of investment return (interest, dividends, and appreciation) in support of operations while maintaining the purchasing power of the endowment. For fiscal years 2015 and 2014, 5% of a 20-quarter rolling average market value of such funds was used.

The change in unrestricted general operating net assets excludes depreciation on buildings and equipment, investment return in excess of or less than the spending rate, investment return on renewal and replacement reserves, assessments to constituents for renewal and replacement reserves, bequests, contributions related to gift annuities, contributions restricted for capital projects, revenues and expenses related to the Redevelopment Projects and nonrecurring items.

(j) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenue at the date the contribution is received or pledged. Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. In 2015, Lincoln Center received a $100,000,000 contribution of which $85,000,000 was conditional and will be recognized as construction milestones are met. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying consolidated financial statements. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

(k) Functional Classification of Expenses

The costs of providing Lincoln Center's programs and other activities have been summarized on a functional basis in the consolidated statement of activities. General and administrative expenses include executive and financial administration, as well as human resources, public relations, in-house legal and information technology. Fundraising activities include salaries and employee benefits of staff that develop proposals for fundraising; solicit contributions from individuals, corporations, government agencies, and foundations; and conduct special fundraising events. Fundraising costs are expensed as incurred.

(l) Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates made in the preparation of these consolidated financial statements include the fair value of alternative investments, fair value of swap agreements, and allowance for uncollectible contributions receivable. Actual results could differ from those estimates.

(m) Accounting for Uncertainty in Income Taxes

Lincoln Center recognizes the benefit of tax positions when it is more likely than not that the position will be sustainable based on the merits of the position.

(n) Comparative Financial Information

The accompanying consolidated statement of activities is presented with prior year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation; accordingly, such information should be read in conjunction with Lincoln Center's June 30, 2014 consolidated financial statements, from which the summarized information was derived.

(o) Reclassifications

Certain reclassifications have been made to the 2014 consolidated financial information to conform to the 2015 presentation.

(3) The Redevelopment Projects

In addition to the transformation of West 65th Street, the David Rubenstein Atrium, and the upgrading of the Josie Robertson Plaza, the Redevelopment Projects includes the planned refurbishment of Avery Fisher Hall, renamed David Geffen Hall on September 24, 2015. Total Redevelopment Projects expenses excluding interest and other financing costs for fiscal years ended June 30, 2015 and 2014 were $18,277,607 and $2,306,923, respectively. Fiscal year 2015 fundraising expenses included payment of $15 million which enabled Lincoln Center to pursue a new naming opportunity to help fund the aforementioned planned refurbishment.

(4) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2015 and 2014 are expected to be collected as follows:

		2015	2014
Capital campaign:			
Within one year	$	25,890,374	22,501,602
One to five years		38,957,000	27,182,000
More than five years		7,000,000	3,600,000
		71,847,374	53,283,602
Less discount to present value at rates ranging from 0.39% to 3.08%		(1,131,502)	(559,229)
Total capital campaign		70,715,872	52,724,373
Program and endowment:			
Within one year		16,341,029	14,305,322
One to five years		11,480,720	12,807,720
More than five years		1,554,160	1,023,840
		29,375,909	28,136,882
Less discount to present value at rates ranging from 0.39% to 2.85%		(440,585)	(453,395)
Total general and program		28,935,324	27,683,487
Allowance for doubtful accounts		(90,000)	(70,000)
Total	$	99,561,196	80,337,860

(5) Investments

Lincoln Center's investments, at estimated fair value, consisted of the following at June 30:

	2015	2014
Cash and cash equivalents	$ 6,046,937	929,242
Fixed income (a)	512,761	564,139
Equities (a):		
Large cap equity	53,483,178	54,623,870
Small/mid cap equity	25,358,921	25,392,721
Total equities	78,842,099	80,016,591
Alternative investments (b):		
Fixed income	14,943,221	18,467,223
International equity	49,361,899	43,256,980
Absolute return	46,118,074	45,259,217
Hedged equity	39,085,343	41,551,882
Private equity	6,897,441	6,668,845
Total alternative investments	156,405,978	155,204,147
Total investments	$ 241,807,775	236,714,119

(a) Marketable Securities

Fixed income consists primarily of U.S. Treasury notes. Equities consist of a diversified portfolio principally including securities with large market capitalizations, managed by growth, value, and quantitative disciplines.

(b) Investments Reported at Net Asset Value

Alternative investments represent limited partnership and similar interests in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund.

Fixed Income – This category includes a fund that invests primarily in U.S. Treasury Notes, Municipal Bonds, Corporate Bonds, Federal Home Loan Mortgage Corp., Federal National Mortgage Association, and GNMA mortgage backed securities. Redemptions are allowed daily.

International Equity – This category includes investments in funds that focus on long only international equities. There is exposure to both developed and emerging markets. Redemptions are allowed at a frequency that ranges from monthly to annually.

Absolute Return – This category includes multi-strategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mis-priced assets/securities across conventional and alternative financial strategies. Managers initiate long and short positions targeting solid absolute risk adjusted returns. Some funds are subject to a lock up period up to three years. For those investments not subject to a lock up provision, redemptions are allowed at a frequency that ranges from quarterly to annually.

Hedged Equity – This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Managers of the hedge funds have the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia, and Emerging Markets. Some funds are subject to a lock up period up to three years. For those investments not subject to a lock up provision, redemptions are allowed at a frequency that ranges from quarterly to annually.

Private Equity – This category includes a private equity fund of funds that focuses on early stage venture capital, including investments in the technology and life science sectors, and another fund that invests primarily in a diversified portfolio of residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations and special situations. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. All funds are subject to lock up provisions. At June 30, 2015, Lincoln Center's investments in these funds had remaining lives of up to four years.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Lincoln Center's alternative investments contain various monthly, quarterly, and annual redemption restrictions with required written notice ranging from 1 to 90 days. As of June 30, 2015, the following table summarizes the composition of such investments by the various redemption provisions:

Redemption period	Amount
Daily	$ 18,133,037
Monthly	35,462,836
Quarterly	33,369,141
Semiannual	8,082,699
Annual	39,213,187
Lock up	22,145,078
Total	$ 156,405,978

Investment return and its classification in the consolidated statements of activities were as follows:

		2015	2014
Interest and dividend income	$	331,233	644,718
Investment management and custodial fees		(1,169,634)	(1,133,364)
Net appreciation in fair value of investments		10,518,461	36,632,360
Total investment return		9,680,060	36,143,714
Less investment return available under spending policy, including temporarily restricted amounts of $5,053,652 and $4,607,545 in 2015 and 2014, respectively		9,261,355	8,755,475
Investment return greater than amounts available under spending policy, including temporarily restricted amounts of $198,000 and $14,320,943 in 2015 and 2014, respectively	$	418,705	27,388,239

(6) Fixed Assets

Fixed assets balances were as follows at June 30:

		2015	2014
Land	$	15,513,280	15,513,280
Building and building improvements		513,548,953	511,444,136
Furniture, fixtures, and equipment		11,889,356	8,064,347
Fountain and works of art		1,690,114	1,690,114
Leasehold improvements		27,244,778	27,244,778
Construction in progress		1,185,638	137,997
Total fixed assets		571,072,119	564,094,652
Less accumulated depreciation		(226,588,433)	(213,694,045)
Fixed assets, net	$	344,483,686	350,400,607

(7) Lines of Credit

On February 12, 2014, Lincoln Center entered into a $100,000,000 revolving credit note agreement bearing interest at LIBOR plus 40bps with a 0.05% nonuse fee and a termination date of March 15, 2016. It replaced a $125,000,000 revolving credit note agreement bearing interest at LIBOR plus 45bps with a termination date of February 12, 2014. There were no balances outstanding as of June 30, 2015 or 2014.

(8) Long Term Debt

Long term debt at June 30, 2015 and 2014 consists of the following:

		2015	2014
Trust for Cultural Resources of The City of New York:			
Series 2008A Revenue Bonds	$	151,250,000	151,250,000
Series 2008C Revenue Bonds		100,918,852	101,194,508
	$	252,168,852	252,444,508

In fiscal year 2006, Lincoln Center entered into a long-term tax-exempt borrowing in the amount of $150,000,000 with the Trust for Cultural Resources of The City of New York (the Trust) for the purpose of financing, through proceeds from the Series 2006A Revenue Bonds (Series 2006A Bonds), certain costs of the Redevelopment Projects. The Series 2006A Bonds were refunded in July 2008 with the issuance, through the Trust, of $151,250,000 Series 2008A variable rate tax exempt bonds (Series 2008A Bonds). The Series 2008A Bonds are due December 1, 2035 and were secured by two irrevocable direct pay letters of credit issued by two major banks that expired on June 17, 2015. In June 2015 with the expiration of these two letters of credit, the 2008A Bonds totaling $151,250,000 were purchased by Banc of America Capital Corporation through a bank direct purchase. The bond is integrated with the below mentioned fixed interest rate swaps totaling $145,000,000.

In October 2008, Lincoln Center entered into a long term tax exempt borrowing in the amount of $100,000,000 with the Trust for the purpose of financing, through proceeds from the Series 2008C Revenue Bonds (Series 2008C Bonds), certain costs relating to the Redevelopment Projects. The Series 2008C Bonds bear interest at 5.75% on $84,350,000 and 5.25% on $15,650,000 of the bonds with $59,525,000 due on December 1, 2016 and $40,475,000 due on December 1, 2018. The bonds were issued at a premium.

The estimated fair value of Lincoln Center’s outstanding bonds at June 30, 2015 was $261,618,515. Such fair value was determined based on observable interest rates and maturity schedules considered to be Level 2 in the fair value hierarchy.

Effective January 17, 2006, Lincoln Center entered into a fixed rate interest swap agreement with a major investment banking institution as a hedge on $95,000,000 of variable rate debt. Under the terms of the agreement, Lincoln Center pays interest at a predetermined fixed rate of 3.70% and receives a variable rate. The term of this interest rate swap is 28.5 years. The collateral on this agreement was $15,887,585 and $12,119,450 at June 30, 2015 and 2014, respectively. Lincoln Center also has an interest rate swap contract for $50,000,000 with a major bank in which Lincoln Center pays at a predetermined fixed rate of 4.01% and receives a variable rate. The collateral on this agreement was $9,141,552 and $5,484,568 at June 30, 2015 and 2014, respectively.

The aggregate estimated fair value of these two agreements is $(44,688,191) and $(38,825,678) at June 30, 2015 and 2014, respectively. Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments and is considered to be Level 2 in the fair value hierarchy. Such amount is recorded as a liability in the consolidated balance sheets. Unrealized losses of $(5,862,513) and $(1,712,123) on these swaps are reflected in the consolidated statements of activities for the years ended June 30, 2015 and 2014, respectively.

Interest expense and other financing costs reported in the consolidated statements of activities related to long term debt – Redevelopment Projects is $12,423,815 and $12,333,737 in 2015 and 2014, respectively.

(9) Rose Building Garage

In 1990, Lincoln Center entered into a management agreement with Performance Parking LLC for management of the Rose Building Garage, which expires on June 30, 2018. Under terms of the agreement, as amended, Performance Parking LLC is entitled to the net receipts and pays Lincoln Center an annual amount. Lincoln Center received $2,663,307 and $2,611,086 in fiscal years 2015 and 2014, respectively. Such agreement provides for an increase each year of 2%, subject to further escalation as defined in the agreement.

(10) Fair Value

At June 30, 2015, the carrying values of Lincoln Center's cash equivalents, accounts and investment income receivable, and accounts payable and accrued expenses approximate their fair values because of the terms and relatively short maturities of these financial instruments. The fair value of cash equivalents would be considered to be Level 1 in the fair value hierarchy. The fair value of accounts and investment income receivable and accounts payable and accrued expenses involve unobservable inputs and would be considered to be Level 3 in the fair value hierarchy.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

For alternative investments, which do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds, as a practical expedient, fair value is estimated using net asset value per share or its equivalent as reported by the investment managers.

In May 2015, the FASB issued Accounting Standards Update No. 2015-07 (Update No. 2015-07), *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance removes the requirement to make certain disclosures and categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Update No. 2015-07 is effective for fiscal years beginning after December 15, 2015 with early adoption permitted. Lincoln Center elected to early adopt the provisions of Update No. 2015-07 and applied the provisions of the update retrospectively to 2014.

Lincoln Center's investments at June 30, 2015 and 2014 that are reported at fair value are summarized in the following tables by their classification in the fair value hierarchy:

	2015	**2014**
Assets:		
Investments:		
Level 1:		
Cash and cash equivalents	$ 6,046,937	929,242
Fixed income	512,761	564,139
Equities:		
Large cap equity	53,483,178	54,623,870
Small/mid cap equity	25,358,921	25,392,721
	85,401,797	81,509,972
Investments measured at net asset value	156,405,978	155,204,147
Total investments	$ 241,807,775	236,714,119

(11) Net Assets

		2015	2014
Unrestricted:			
General operating	$	11,376,767	11,369,249
Board designated:			
Board-designated endowment funds		109,027,305	108,960,629
Renewal and replacement reserves		7,095,211	6,750,688
Operations – special reserves		2,972,395	3,006,065
Total board designated		119,094,911	118,717,382
Redevelopment and other physical capital		132,929,916	121,685,620
Total unrestricted		263,401,594	251,772,251
Temporarily restricted for:			
Program support, primarily accumulated gains on endowment of $45,674,730 and $45,529,911 in 2015 and 2014, respectively		64,291,997	61,569,233
Lincoln Center Redevelopment Projects and other capital		2,464,226	2,228,921
Total temporarily restricted		66,756,223	63,798,154
Permanently restricted – endowment funds, income restricted for various programs		96,948,962	96,502,581
Total net assets	$	427,106,779	412,072,986

(12) Support from the City

Funds from the City support certain redevelopment project expenditures. Lincoln Center recognized as revenue $1.3 million during fiscal year 2014 from the City for capital improvement purposes for the Redevelopment Projects. This amount is reflected in the consolidated statement of activities when requisitions are submitted to the City for reimbursement.

(13) Pension Plan

Lincoln Center participates in a multiple employer defined benefit pension plan along with certain of its Constituents, which covers substantially all nonunion employees. Employers' contributions to the plan are commingled and available to pay the benefits of all plan participants. As of June 30, 2014 and 2013 (the most recent audited information available), the actuarial value of plan assets was $64,945,767 and $56,319,102, the actuarial accumulated benefit obligation was $64,702,965 and $59,896,357, and the funded percentage was 100% and 94.0%, respectively. In addition, at June 30, 2014 and 2013, the fair value of plan net assets available for benefits was $64,935,336 and $57,551,115, and the funded percentage based on the fair value of plan net assets was 100% and 96.0%, respectively. For fiscal years 2015 and 2014, Lincoln Center contributed $1,246,744 and $833,550, respectively, to the nonunion pension plan, although no contribution was required by the Employee Retirement Income Security Act.

Lincoln Center also participates in two significant multiemployer pension plans based upon collective bargaining agreements. The two plans are outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status is available at each plan's year end. The zone status is based on information that Lincoln Center received from the plan sponsor and, as required by the PPA, is certified by the plan's actuary. Both plans certified a green zone status for the plan years ended 2015 and 2014. Similarly, neither plan imposed a surcharge as part of their respective collective bargaining agreements. In addition, Lincoln Center would be responsible for any withdrawal liability under the agreements with the unions.

Pension Fund	EIN	Plan year-end	Contributions from LCPA 2015	Contributions from LCPA 2014	Agreement expiration
32 BJ/Broadway League Pension Fund	13-1998219	12/31/2014	$ 503,450	407,120	8/31/2015 10/31/2015
Treasurers and Ticket Sellers Local 751 Pension Fund	13-6164776	8/31/2014	153,751	151,602	8/31/2016

Lincoln Center also participates in ten plans that are not considered significant. Lincoln Center contributed less than 5% to these plans, which collectively amounted to $1,048,964 and $1,014,071 for fiscal years 2015 and 2014, respectively.

(14) Litigation

Lincoln Center is involved in several legal proceedings and claims. Management believes that the liabilities, if any, resulting from such proceedings will not have a material adverse effect on the financial condition of Lincoln Center.

(15) Functional Expenses

	Program expenses	Management and general	Fund raising	2015	2014
			(In thousands)		
Salaries and benefits	$ 52,704	12,917	4,081	69,702	65,204
Artists and performing fees	14,627	—	—	14,627	11,444
Legal and other professional fees	2,649	2,889	15,944	21,482	4,183
Travel and entertainment	1,017	825	201	2,043	1,329
Equipment, production, and space rental	10,572	166	19	10,757	10,611
Advertising and promotion	3,353	757	71	4,181	5,028
Insurance	1,652	99	—	1,751	1,912
Facilities management	9,120	626	181	9,927	8,858
Utilities	7,995	—	—	7,995	7,757
Other	4,092	1,537	1,653	7,282	6,833
Depreciation	11,931	933	382	13,246	13,212
Interest and other financing costs	12,424	—	—	12,424	12,334
Total	$ 132,136	20,749	22,532	175,417	148,705

(16) Endowment Funds

Lincoln Center's endowment consists of 66 individual funds, including both donor restricted endowment funds and amounts designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of Lincoln Center has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing Lincoln Center to appropriate for expenditures or accumulate so much of a donor restricted endowment fund as Lincoln Center determines is prudent considering the uses, benefits, purposes, and duration for which the donor restricted endowment fund is established, subject to the intent of the donor. Lincoln Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to protect the original value of the gift after inflation. Under this policy, the endowment assets are invested in a manner that is intended to produce results consistent with Lincoln Center's overall investment strategy.

Accounting guidance associated with NYPMIFA requires the portion of the donor restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Lincoln Center classifies as permanently restricted net assets the original value of gifts to the permanent endowment and the investment return required by the donor to be added to the permanent endowment.

The net asset classes of Lincoln Center's endowment funds, including contributions receivable of $9,135,968 and $12,115,268 and split interest agreements of $1,452,781 and $1,705,779 as of June 30, 2015 and 2014, respectively are as follows:

	June 30, 2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted funds	$ —	45,674,730	96,948,962	142,623,692
Board-designated fund	109,027,305	—	—	109,027,305
Total endowment	$ 109,027,305	45,674,730	96,948,962	251,650,997

	June 30, 2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted funds	$ —	45,529,911	96,502,581	142,032,492
Board-designated fund	108,960,629	—	—	108,960,629
Total endowment	$ 108,960,629	45,529,911	96,502,581	250,993,121

The following tables present changes in Lincoln Center's endowment funds, including contributions receivable, for the years ended June 30, 2015 and 2014:

	June 30, 2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2014	$ 108,960,629	45,529,911	96,502,581	250,993,121
Interest and dividends	46,139	285,094	—	331,233
Investment management and custodial fees	(547,738)	(621,896)	—	(1,169,634)
Net appreciation in fair value of investments	4,930,007	5,588,454	—	10,518,461
Contributions and designations	165,921	52,852	446,381	665,154
Amounts appropriated for operations	(4,207,703)	(5,053,652)	—	(9,261,355)
Other	(319,950)	(106,033)	—	(425,983)
Endowment net assets, June 30, 2015	$ 109,027,305	45,674,730	96,948,962	251,650,997

	June 30, 2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2013	$ 95,543,340	30,331,696	84,617,777	210,492,813
Interest and dividends	274,787	369,931	—	644,718
Investment management and custodial fees	(538,654)	(594,710)	—	(1,133,364)
Net appreciation in fair value of investments	17,479,093	19,153,267	—	36,632,360
Contributions and designations	615,362	1,020,302	11,884,804	13,520,468
Amounts appropriated for operations	(4,147,930)	(4,607,545)	—	(8,755,475)
Other	(265,369)	(143,030)	—	(408,399)
Endowment net assets, June 30, 2014	$ 108,960,629	45,529,911	96,502,581	250,993,121

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the original value of the fund. Deficiencies of this nature are reported as unrestricted net assets. There were no funds with deficiencies at June 30, 2015 or 2014.

(b) Return Objectives and Risk Parameters

Lincoln Center has adopted investment policies for its endowment that attempt to provide a reasonable level of support, as determined by Lincoln Center's spending policy, while seeking to preserve the real value of the endowment assets over time. Lincoln Center relies on a total return strategy under which investment returns are achieved through both appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class, as well as by investment manager and style, with a focus on achieving long term return objectives within prudent risk constraints.

(17) Related Party Transactions

Members of Lincoln Center's Board of Directors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Lincoln Center. For senior management, Lincoln Center requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with Lincoln Center. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of Lincoln Center, and to undertake periodic review of continuing such relationships. Lincoln Center has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors can participate in any decision in which he or she (or immediate family member) has a material financial interest. Each director is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether Lincoln Center does business with an entity in which the director has a material financial interest. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of Lincoln Center, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant.

(18) Subsequent Events

Events that have occurred subsequent to June 30, 2015 have been evaluated through November 18, 2015, the date LCPA's consolidated financial statements were available to be issued, and no additional subsequent event disclosures were identified.

Schedule 1

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidating Balance Sheet

June 30, 2015

Assets		Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Cash and cash equivalents	$	15,682,877	10,042	15,692,919	—	15,692,919
Restricted cash		25,029,137	—	25,029,137	—	25,029,137
Accounts and investment income receivable		12,951,014	970,287	13,921,301	(1,041,187)	12,880,114
Contributions and grants receivable		99,561,196	—	99,561,196	—	99,561,196
Prepaid expenses, inventory, and other assets		12,341,701	—	12,341,701	—	12,341,701
Investments		241,807,775	—	241,807,775	—	241,807,775
Fixed assets, net		344,483,686	—	344,483,686	—	344,483,686
Total assets	$	751,857,386	980,329	752,837,715	(1,041,187)	751,796,528
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$	18,739,932	938,911	19,678,843	(1,041,187)	18,637,656
Deferred revenue		9,195,050	—	9,195,050	—	9,195,050
Fair value of interest rate swaps		44,688,191	—	44,688,191	—	44,688,191
Long-term debt		252,168,852	—	252,168,852	—	252,168,852
Total liabilities		324,792,025	938,911	325,730,936	(1,041,187)	324,689,749
Commitments and contingencies						
Net assets:						
Unrestricted:						
General operating		11,376,767	—	11,376,767	—	11,376,767
Board designated		119,094,911	—	119,094,911	—	119,094,911
Redevelopment and other physical capital		132,888,498	41,418	132,929,916	—	132,929,916
Total unrestricted		263,360,176	41,418	263,401,594	—	263,401,594
Temporarily restricted		66,756,223	—	66,756,223	—	66,756,223
Permanently restricted		96,948,962	—	96,948,962	—	96,948,962
Total net assets		427,065,361	41,418	427,106,779	—	427,106,779
Total liabilities and net assets	$	751,857,386	980,329	752,837,715	(1,041,187)	751,796,528

See accompanying independent auditors' report.

LINCOLN CENTER FOR THE PERFORMING ARTS, INC.
AND RELATED ENTITY

Consolidating Statement of Activities

Year ended June 30, 2015

	Lincoln Center for the Performing Arts, Inc.	Lincoln Center Development Project	Total	Consolidation and elimination entries	Consolidated total
Revenue:					
Contributions, private grants, and bequests	$ 92,245,951	—	92,245,951	—	92,245,951
Government grants	1,487,861	—	1,487,861	—	1,487,861
Investment return:					
Designated for current operations	9,261,355	—	9,261,355	—	9,261,355
In excess of amounts designated for current operations	418,705	—	418,705	—	418,705
Net unrealized loss on swap agreement	(5,862,513)	—	(5,862,513)	—	(5,862,513)
Box office and other program service revenue	16,452,563	—	16,452,563	—	16,452,563
Facilities services	31,327,860	—	31,327,860	—	31,327,860
Rental income	30,457,492	—	30,457,492	—	30,457,492
Other income	3,716,560	3,512,767	7,229,327	(3,512,767)	3,716,560
Special event revenue, net of expenses of $1,368,242	10,945,008	—	10,945,008	—	10,945,008
Total revenue	190,450,842	3,512,767	193,963,609	(3,512,767)	190,450,842
Expenses:					
Program services:					
Performance presentations	27,380,320	—	27,380,320	—	27,380,320
Media Development (Live from Lincoln Center)	5,819,481	—	5,819,481	—	5,819,481
Education and outreach	8,213,441	—	8,213,441	—	8,213,441
Facilities management and services	72,779,287	—	72,779,287	—	72,779,287
Guest services	2,053,267	—	2,053,267	—	2,053,267
New ventures and special projects	2,329,749	—	2,329,749	—	2,329,749
Redevelopment Projects	1,136,736	2,520,578	3,657,314	(2,520,578)	1,136,736
Interest and other financing costs	12,423,815	—	12,423,815	—	12,423,815
Total program services	132,136,096	2,520,578	134,656,674	(2,520,578)	132,136,096
Supporting services:					
Management and general	20,748,870	992,189	21,741,059	(992,189)	20,748,870
Fundraising	22,532,083	—	22,532,083	—	22,532,083
Total supporting services	43,280,953	992,189	44,273,142	(992,189)	43,280,953
Total expenses	175,417,049	3,512,767	178,929,816	(3,512,767)	175,417,049
Change in net assets	15,033,793	—	15,033,793	—	15,033,793
Net assets at beginning of year	412,031,568	41,418	412,072,986	—	412,072,986
Net assets at end of year	$ 427,065,361	41,418	427,106,779	—	427,106,779

See accompanying independent auditors’ report.