THE CARNEGIE HALL CORPORATION

Financial Statements

June 30, 2019 and 2018

(With Independent Auditors’ Report Thereon)
Independent Auditors’ Report

The Board of Trustees
The Carnegie Hall Corporation:

We have audited the accompanying financial statements of The Carnegie Hall Corporation, which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Carnegie Hall Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.
Emphasis of Matter

As discussed in note 1(f) to the financial statements, The Carnegie Hall Corporation adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-profit Entities, ASU No. 2017-07, Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, ASU No. 2014-09 (Topic 606), Revenue from Contracts with Customers, and ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, in 2019. Our opinion is not modified with respect to these matters.

October 21, 2019
### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$17,528,836</td>
<td>17,941,604</td>
</tr>
<tr>
<td>Contributions receivable, net (note 5)</td>
<td>61,893,879</td>
<td>67,246,532</td>
</tr>
<tr>
<td>Prepaid expenses and other assets (note 2)</td>
<td>2,933,715</td>
<td>3,536,483</td>
</tr>
<tr>
<td>Investments (note 2)</td>
<td>333,139,827</td>
<td>334,016,512</td>
</tr>
<tr>
<td>Fixed assets, net (note 3)</td>
<td>242,547,587</td>
<td>253,255,792</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$658,043,844</strong></td>
<td><strong>675,996,923</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$8,538,652</td>
<td>7,719,394</td>
</tr>
<tr>
<td>Advance sale of tickets and other deferred revenue</td>
<td>14,854,871</td>
<td>13,298,194</td>
</tr>
<tr>
<td>Accrued pension benefit obligation (note 9)</td>
<td>28,725,128</td>
<td>24,131,749</td>
</tr>
<tr>
<td>Loans payable (note 7)</td>
<td>108,723,405</td>
<td>112,495,484</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>160,842,056</strong></td>
<td><strong>157,644,821</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets (notes 1 and 11):</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>129,360,963</td>
<td>140,413,166</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>367,840,825</td>
<td>377,938,936</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>497,201,788</strong></td>
<td><strong>518,352,102</strong></td>
</tr>
</tbody>
</table>

| Total liabilities and net assets                                 | **$658,043,844** | **675,996,923** |

See accompanying notes to financial statements.
Change in net assets without donor restrictions:

Revenues:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box office receipts from Carnegie Hall produced events</td>
<td>$16,131,950</td>
<td>$17,553,724</td>
</tr>
<tr>
<td>Hall rental operations</td>
<td>18,230,257</td>
<td>16,313,426</td>
</tr>
<tr>
<td>Real estate operations and other (note 6)</td>
<td>15,678,587</td>
<td>17,850,605</td>
</tr>
<tr>
<td><strong>Total earned revenue</strong></td>
<td><strong>50,040,794</strong></td>
<td><strong>51,717,757</strong></td>
</tr>
<tr>
<td>Contributed income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual campaign and fund-raising events</td>
<td>17,972,969</td>
<td>14,301,057</td>
</tr>
<tr>
<td>The City of New York and other government agency grants</td>
<td>441,579</td>
<td>431,563</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of donor restrictions</td>
<td>30,187,656</td>
<td>26,386,948</td>
</tr>
<tr>
<td><strong>Total contributed revenue</strong></td>
<td><strong>48,602,204</strong></td>
<td><strong>41,119,568</strong></td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment support released from restriction/authorized for spending (note 11)</td>
<td>15,475,000</td>
<td>14,650,000</td>
</tr>
<tr>
<td>Other investment income (note 2)</td>
<td>40,668</td>
<td>12,231</td>
</tr>
<tr>
<td><strong>Total operating investment income</strong></td>
<td><strong>15,515,668</strong></td>
<td><strong>14,662,231</strong></td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>114,158,666</td>
<td>107,499,556</td>
</tr>
</tbody>
</table>

Expenses (note 8):

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carnegie Hall produced events and audience development</td>
<td>19,360,597</td>
<td>18,702,610</td>
</tr>
<tr>
<td>Hall operations</td>
<td>19,940,059</td>
<td>19,125,042</td>
</tr>
<tr>
<td>Real estate operations (note 6)</td>
<td>20,268,526</td>
<td>20,570,650</td>
</tr>
<tr>
<td>Weill Music Institute education programs</td>
<td>12,444,058</td>
<td>10,855,816</td>
</tr>
<tr>
<td>Creative services, digital, and other</td>
<td>3,765,992</td>
<td>4,038,206</td>
</tr>
<tr>
<td>General and administrative</td>
<td>16,443,245</td>
<td>15,937,289</td>
</tr>
<tr>
<td>Fund-raising expenses</td>
<td>5,995,530</td>
<td>7,161,670</td>
</tr>
<tr>
<td>Interest expense (note 7)</td>
<td>5,505,643</td>
<td>5,557,189</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>103,723,650</td>
<td>101,948,472</td>
</tr>
</tbody>
</table>

Excess of operating revenues over expenses

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10,435,016</strong></td>
<td><strong>5,551,084</strong></td>
<td></td>
</tr>
</tbody>
</table>

Nonoperating:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization expense (note 8)</td>
<td>(16,580,905)</td>
<td>(16,195,729)</td>
</tr>
<tr>
<td>Investment return, net (note 2)</td>
<td>195,068</td>
<td>491,031</td>
</tr>
<tr>
<td>Endowment spending transfer (note 11)</td>
<td>(386,757)</td>
<td>(354,530)</td>
</tr>
<tr>
<td>Pension nonservice cost (notes 8 and 9)</td>
<td>(899,502)</td>
<td>(1,144,311)</td>
</tr>
<tr>
<td>(Loss) gain not yet recognized as a component of net periodic benefit cost (note 9)</td>
<td>(4,181,013)</td>
<td>2,745,865</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets (note 3)</td>
<td>(554,110)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Decrease in net assets without donor restrictions</strong></td>
<td>(11,052,203)</td>
<td>(8,906,590)</td>
</tr>
</tbody>
</table>

Change in net assets with donor restrictions:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>24,917,535</td>
<td>33,859,726</td>
</tr>
<tr>
<td>The City of New York and other government agency grants</td>
<td>1,694,961</td>
<td>1,608,646</td>
</tr>
<tr>
<td>Investment return, net (note 2)</td>
<td>8,035,655</td>
<td>19,828,606</td>
</tr>
<tr>
<td>Endowment campaign contributions (note 11)</td>
<td>549,647</td>
<td>5,614,424</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of donor restrictions</td>
<td>(30,187,656)</td>
<td>(26,386,948)</td>
</tr>
<tr>
<td>Endowment support (note 11)</td>
<td>(15,108,243)</td>
<td>(14,295,470)</td>
</tr>
<tr>
<td><strong>(Decrease) increase in net assets with donor restrictions</strong></td>
<td>(10,098,111)</td>
<td>20,228,983</td>
</tr>
<tr>
<td><strong>(Decrease) increase in net assets</strong></td>
<td>(21,150,314)</td>
<td>11,322,393</td>
</tr>
<tr>
<td><strong>Net assets at end of year, as restated (note 1)</strong></td>
<td>518,352,102</td>
<td>507,029,709</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$497,201,788</td>
<td>518,352,102</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE CARNEGIE HALL CORPORATION  
Statements of Cash Flows  
Years ended June 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in net assets</td>
<td>(21,150,314)</td>
<td>11,322,393</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>15,680,905</td>
<td>16,195,729</td>
</tr>
<tr>
<td>Amortization of bond discount and issuance costs</td>
<td>62,527</td>
<td>62,527</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>554,110</td>
<td>—</td>
</tr>
<tr>
<td>Realized and unrealized gains on investments</td>
<td>(6,390,816)</td>
<td>(19,726,876)</td>
</tr>
<tr>
<td>Endowment contributions</td>
<td>(549,647)</td>
<td>(5,614,424)</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, less amounts classified as financing activities</td>
<td>(2,169,840)</td>
<td>(12,976,331)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>150,459</td>
<td>928,564</td>
</tr>
<tr>
<td>Accrued pension benefit obligation</td>
<td>4,593,379</td>
<td>(2,597,499)</td>
</tr>
<tr>
<td>Other operating liability accounts, less amounts classified as investing activities</td>
<td>2,375,935</td>
<td>2,473,241</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(6,843,302)</td>
<td>(9,932,676)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(242,392,594)</td>
<td>(123,974,735)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>249,660,095</td>
<td>139,169,440</td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>(5,526,810)</td>
<td>(3,570,866)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>1,740,691</td>
<td>11,623,839</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from endowment and capital contributions</td>
<td>8,072,140</td>
<td>1,132,664</td>
</tr>
<tr>
<td>Decrease in funds held by trustee</td>
<td>452,309</td>
<td>—</td>
</tr>
<tr>
<td>Payments on loans</td>
<td>(3,834,606)</td>
<td>(4,570,000)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>4,689,843</td>
<td>(3,437,336)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(412,768)</td>
<td>(1,746,173)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td>17,941,604</td>
<td>19,687,777</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$ 17,528,836</td>
<td>17,941,604</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Carnegie Hall Corporation (the Corporation or Carnegie Hall) was established in 1960 by legislation of the State of New York for the purpose of managing and operating Carnegie Hall and adjoining properties as an auditorium and facility for concerts and other cultural, educational, and other activities. The Corporation has been classified by the Internal Revenue Service as a 501(c)(3) organization and is exempt from substantially all federal, state, and local taxes.

The significant accounting policies of Carnegie Hall are discussed below and in the following notes to the financial statements.

(b) Basis of Presentation

Carnegie Hall's net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Carnegie Hall considers depreciation and amortization, investment return in excess of the spending rate, pension plan adjustments, and net assets released from restrictions for capital and other nonrecurring activities to be nonoperating in the statements of activities.

With Donor Restrictions – Net assets that are subject to donor-imposed stipulations that will be met by either actions of Carnegie Hall or the passage of time. Items that affect this net asset category are gifts restricted principally to artistic and education programs and net assets that are subject to donor-imposed stipulations to be maintained in perpetuity, including the unexpended gains on the endowment fund. The income from the endowment is expendable principally to support the artistic, education, and general activities of Carnegie Hall (note 11).

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by explicit donor-imposed restrictions or by law. As discussed in note 11, investment income on donor-restricted endowment funds is recorded as net assets with donor restrictions until appropriated for expenditure. When restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished or endowment funds are appropriated for expenditure, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

(c) Cash Equivalents

Cash equivalents include short-term investments with original maturities of three months or less at the time of purchase, except for those short-term investments managed by Carnegie Hall's investment managers as part of their long-term investment strategy.
(d) **Fair Value Measurements**

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

- **Level 1** Quoted or published prices in active markets for identical assets or liabilities that Carnegie Hall has the ability to access at the measurement date
- **Level 2** Inputs other than quoted prices 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 at or near the balance sheet date

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. 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. The categorization of a financial instrument within the hierarchy does not necessarily correspond to Carnegie Hall’s perceived risk of that instrument.

(e) **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue, expenses, gains, and losses recognized during the reporting period. Significant estimates made in preparation of the financial statements include the valuation of alternative investments, net realizable value of contributions receivable, valuation of pension benefit obligation, determination of depreciable lives for fixed assets, and allocation of functional expenses. Actual results could differ from those estimates.

(f) **New Accounting Pronouncements**


ASU No. 2016-14 reduces the number of net asset categories from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets of $184,804,469 and permanently restricted net assets of $193,134,467 for 2018. Additionally, it increases the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location. The ASU has been applied retrospectively.
ASU No. 2017-07 requires the service cost component be reported in the same line item or items as other compensation costs arising from services rendered by the employees during the period. The other components of net benefit cost are required to be presented separately from the service cost component and outside a subtotal of income from operations. The ASU has been applied retrospectively. The implementation of this ASU did not have a significant impact on the financial statements.

ASU No. 2018-08 helps an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provider). The implementation of this ASU did not have a significant impact on the financial statements.

ASU No. 2014-09 introduces a five-step model and related application guidance for revenue recognition. The core principle of this standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides guidance on when costs to obtain a contract can be capitalized. The ASU has been applied retrospectively. In previous periods, Carnegie Hall recorded in prepaid expenses certain marketing costs related to future performances. The provisions of the ASU requires that such costs be expensed as incurred. Accordingly, the 2018 financial statement have been adjusted to expense such amounts.

Net assets without donor restrictions and changes in net assets were reduced by approximately $661,000 and $136,000, respectively.

**(g) Box Office and Rental Hall Operation Income**

Ticket sales are recognized as box office revenue on a specific performance basis. Advance ticket sales for the receipt of payment for future performances are reported in advance sale of tickets and other deferred revenue in the balance sheets. Such amounts were approximately $7.9 million and $7.5 million in 2019 and 2018, respectively, and will be recognized as revenue in the subsequent period.

Hall rental operations income is recognized as revenue when the performance space is utilized. Amounts received in advance are reported as a liability in advance sale of tickets and other deferred revenue and are recognized as revenue when the space is utilized. Amounts received in advance were approximately $3.8 million and $3.5 million in 2019 and 2018, respectively, and will be recognized as revenue in the subsequent period.

**(h) Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**(i) Subsequent Events**

Carnegie Hall evaluated subsequent events after the balance sheet date of June 30, 2019 through October 21, 2019, which was the date the financial statements were issued. On September 5, 2019, Series 2019 Revenue Bonds were issued with a par value of $87,540,000, a premium of $24,244,464 and a coupon rate of 5%. The funds will be used to refund $110,000,000 of Series 2009 Revenue Bonds.
Bonds on December 1, 2019. These transactions are described in note 7 and will be recognized in fiscal year 2020. No other additional disclosures are required.

(2) Investments

Investments are stated at fair value based upon quoted or published market prices except for the fair values of alternative investments, including equity, fixed income, real estate, and private equity funds, which are based on net asset values (practical expedient) provided by the fund managers and general partners based upon the underlying net assets of the funds. These values are reviewed and evaluated by management. Alternative investments, real estate, and private equity funds are generally less liquid than other investments and the reported fair value may differ from the values that would have been reported had a ready market for these investments existed.

<table>
<thead>
<tr>
<th>Fair value</th>
<th>Level 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income:</td>
<td></td>
</tr>
<tr>
<td>Short-term duration</td>
<td>$37,078,399</td>
</tr>
<tr>
<td>U.S. Treasury and agencies</td>
<td>19,515,150</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
</tr>
<tr>
<td>Domestic and foreign</td>
<td>91,208,850</td>
</tr>
<tr>
<td></td>
<td>147,802,399</td>
</tr>
<tr>
<td>Investments reported at net asset value</td>
<td>185,337,428</td>
</tr>
<tr>
<td>Total investments</td>
<td>$333,139,827</td>
</tr>
</tbody>
</table>

The following table presents the fair value hierarchy for those investments reported at fair value as of June 30, 2018:

<table>
<thead>
<tr>
<th>Fair value</th>
<th>Level 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income:</td>
<td></td>
</tr>
<tr>
<td>Short-term duration</td>
<td>$30,410,807</td>
</tr>
<tr>
<td>U.S. Treasury and agencies</td>
<td>20,583,489</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
</tr>
<tr>
<td>Domestic and foreign</td>
<td>105,326,128</td>
</tr>
<tr>
<td></td>
<td>156,320,424</td>
</tr>
<tr>
<td>Investments reported at net asset value</td>
<td>177,696,088</td>
</tr>
<tr>
<td>Total investments</td>
<td>$334,016,512</td>
</tr>
</tbody>
</table>

Carnegie Hall’s investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.
The following tables present the liquidity and outstanding commitments for all investments reported at net asset value as of June 30, 2019 and 2018:

### June 30, 2019

<table>
<thead>
<tr>
<th>Liquidity</th>
<th>Fair value</th>
<th>Monthly/quarterly</th>
<th>Semiannual</th>
<th>Annual</th>
<th>Greater than one year</th>
<th>Outstanding commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event driven</td>
<td>$28,101,881</td>
<td>—</td>
<td>27,186,516</td>
<td>915,365</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sector long/short</td>
<td>57,361,203</td>
<td>27,042,488</td>
<td>20,318,715</td>
<td>—</td>
<td>10,000,000</td>
<td>—</td>
</tr>
<tr>
<td>Foreign</td>
<td>29,931,369</td>
<td>29,790,676</td>
<td>—</td>
<td>—</td>
<td>140,693</td>
<td>—</td>
</tr>
<tr>
<td><strong>Alternative investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global long/short debt/equity funds</td>
<td>749,262</td>
<td>—</td>
<td>—</td>
<td>749,262</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Distressed debt hedge funds</td>
<td>13,379,346</td>
<td>10,528,179</td>
<td>2,400,285</td>
<td>—</td>
<td>450,882</td>
<td>—</td>
</tr>
<tr>
<td>Multi-strategy hedge funds</td>
<td>32,410,858</td>
<td>32,251,630</td>
<td>—</td>
<td>—</td>
<td>159,228</td>
<td>—</td>
</tr>
<tr>
<td>Real estate</td>
<td>5,459,133</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5,459,133</td>
<td>519,779</td>
</tr>
<tr>
<td>Private equity</td>
<td>17,944,376</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>17,944,376</td>
<td>2,544,887</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$185,337,428</td>
<td>99,612,973</td>
<td>49,905,516</td>
<td>915,365</td>
<td>34,903,574</td>
<td>3,064,666</td>
</tr>
</tbody>
</table>

### June 30, 2018

<table>
<thead>
<tr>
<th>Liquidity</th>
<th>Fair value</th>
<th>Monthly/quarterly</th>
<th>Semiannual</th>
<th>Greater than one year</th>
<th>Outstanding commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event driven</td>
<td>$46,049,108</td>
<td>—</td>
<td>46,049,108</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sector long/short</td>
<td>27,693,676</td>
<td>6,552,580</td>
<td>21,141,096</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign</td>
<td>31,026,547</td>
<td>30,872,933</td>
<td>—</td>
<td>153,614</td>
<td>—</td>
</tr>
<tr>
<td><strong>Alternative investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global long/short debt/equity funds</td>
<td>756,667</td>
<td>—</td>
<td>—</td>
<td>756,667</td>
<td>—</td>
</tr>
<tr>
<td>Distressed debt hedge funds</td>
<td>3,346,389</td>
<td>—</td>
<td>2,287,529</td>
<td>1,058,860</td>
<td>—</td>
</tr>
<tr>
<td>Multi-strategy hedge funds</td>
<td>31,256,544</td>
<td>30,994,924</td>
<td>—</td>
<td>261,620</td>
<td>1,082,295</td>
</tr>
<tr>
<td>Real estate</td>
<td>17,672,150</td>
<td>—</td>
<td>—</td>
<td>17,672,150</td>
<td>—</td>
</tr>
<tr>
<td>Private equity</td>
<td>19,895,007</td>
<td>—</td>
<td>—</td>
<td>19,895,007</td>
<td>2,677,846</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$177,696,088</td>
<td>68,420,437</td>
<td>69,477,733</td>
<td>39,797,918</td>
<td>3,760,141</td>
</tr>
</tbody>
</table>

For investments with monthly, quarterly, semiannual and annual redemptions, the notice periods for redemptions range from approximately 10 to 180 days as of June 30, 2019. At June 30, 2019, Carnegie Hall had commitments of approximately $3.1 million relating to private equity and real estate investments, for which capital calls had not been made. Such commitments generally have fixed expiration dates or other termination clauses. Carnegie Hall maintains sufficient liquidity in its investment portfolio to cover such calls. Additionally, at June 30, 2019, Carnegie Hall’s investments in private equity and real estate investments had remaining lives of 1 to 10 years.
Funds held by trustee included in prepaid expenses and other assets, totaling $3 at June 30, 2019 and $452,312 at June 30, 2018 are invested in cash, which is considered Level 1 within the fair value hierarchy.

In 2019 and 2018, investment return includes the following components:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of fees</td>
<td>$1,880,575</td>
<td>$604,992</td>
</tr>
<tr>
<td>Realized and unrealized gains</td>
<td>6,390,816</td>
<td>19,726,876</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,271,391</strong></td>
<td><strong>20,331,868</strong></td>
</tr>
</tbody>
</table>

(3) **Fixed Assets**

Fixed assets are recorded at cost and consist of the following at June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>$349,409,913</td>
<td>$354,486,341</td>
</tr>
<tr>
<td>Building</td>
<td>8,400,000</td>
<td>8,400,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>9,590,861</td>
<td>8,864,691</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>367,400,774</td>
<td>371,751,032</td>
</tr>
</tbody>
</table>

Less accumulated depreciation and amortization

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(124,853,187)</td>
<td>(118,495,240)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>242,547,587</strong></td>
<td><strong>253,255,792</strong></td>
</tr>
</tbody>
</table>

The cost of leasehold improvements is amortized using the straight-line method over the estimated useful lives of the assets or term of the lease, whichever is shorter, ranging principally from 10 to 40 years. The building is depreciated using the straight-line method over the estimated useful life of 20 years. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, ranging principally from 5 to 10 years.

During 2019, Carnegie Hall disposed of fixed assets with a cost of $9,877,068 and accumulated depreciation of $9,322,958, resulting in a loss of $554,110. During 2018, Carnegie Hall disposed of fixed assets with a cost and accumulated depreciation of $9,000,502.

The City of New York has historically made grants to Carnegie Hall for capital improvement purposes. No amounts were received for such purpose in 2018 and 2019.
(4) Liquidity and Availability

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$17,528,836</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>61,893,879</td>
</tr>
<tr>
<td>Investments</td>
<td>333,139,827</td>
</tr>
<tr>
<td></td>
<td>412,562,542</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Receivables greater than one year</td>
<td>(40,637,453)</td>
</tr>
<tr>
<td>Endowments with donor restrictions</td>
<td>(303,782,253)</td>
</tr>
<tr>
<td>Endowments without donor restrictions</td>
<td>(7,373,084)</td>
</tr>
<tr>
<td>Other donor restricted funds</td>
<td>(11,557,160)</td>
</tr>
<tr>
<td>Total amounts unavailable for general expenditures within one year</td>
<td>(363,349,950)</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
</tr>
<tr>
<td>Annual endowment support and other spending</td>
<td>18,470,000</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
</tr>
<tr>
<td>Bank line of credit</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Total financial assets and liquidity resources available within one year</td>
<td>$92,682,592</td>
</tr>
</tbody>
</table>

Carnegie Hall manages its liquidity by developing annual operating and capital budgets that provide sufficient funds for general expenditures. Monthly review of actual-to-budget reporting at the departmental and combined levels are performed. In addition, a formal reforecast is undertaken mid-year, and adjustments are made if necessary to ensure adequate liquidity.

Based on past performance and current expectations, management believes that the cash flows from operations, cash on hand and investments will satisfy Carnegie Hall’s working capital needs, capital expenditures, commitments and other liquidity requirements associated with existing operations through the next 12 months.
(5) Contributions

Contributions receivable at June 30, 2019 and 2018 are scheduled to be collected as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$21,231,426</td>
<td>$27,281,880</td>
</tr>
<tr>
<td>One to five years</td>
<td>42,784,282</td>
<td>39,369,884</td>
</tr>
<tr>
<td>Greater than five years</td>
<td>4,450,000</td>
<td>8,575,000</td>
</tr>
<tr>
<td></td>
<td>68,465,708</td>
<td>75,226,764</td>
</tr>
<tr>
<td>Allowance for uncollectible contributions receivable</td>
<td>(30,000)</td>
<td>(35,000)</td>
</tr>
<tr>
<td>Adjustment to reflect contributions receivable at discounted value (at rates ranging from 4% to 6%)</td>
<td>(6,541,829)</td>
<td>(7,945,232)</td>
</tr>
<tr>
<td></td>
<td>$61,893,879</td>
<td>$67,246,532</td>
</tr>
</tbody>
</table>

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. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary.

Amounts receivable from five donors represented 72% and 65% of gross contributions receivable as of June 30, 2019 and 2018, respectively.

Fund-raising expenses, exclusive of depreciation, reflected in the accompanying financial statements of $5,995,530 and $7,161,670 have been incurred to raise contributions and grants, including contributions with donor restrictions, totaling $45,576,681 and $55,815,415 in 2019 and 2018, respectively.

(6) Property Lease

The Corporation has a lease with the City of New York (the Master Lease) covering the Carnegie Hall building and land, and the land adjacent thereto (the Tower Property). The Corporation subleases the Tower Property (the Sublease) to a real estate developer (the Subtenant) who has constructed an office building on this property. The Master Lease and the Sublease expire in 2086. Under the terms of the Master Lease, the annual rental expense for the Carnegie Hall building and land is currently $183,600. However, the City of New York has directed that this amount be used by the Corporation for specific operating purposes in lieu of payment of rent. The annual rent payable to the City of New York for the Tower Property is based on the amount of revenue the Corporation receives from the Subtenant. The subrental revenue is subject to adjustment based upon subtenant commercial rental revenue, property value, and any refinancing or property transfer, as defined in the Sublease.
Future minimum payments relating to the Tower Property due under the Master Lease, related Sublease, and other operating leases are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Future minimum lease payments</th>
<th>Future minimum subrental revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$8,549,276</td>
<td>12,213,252</td>
</tr>
<tr>
<td>2021</td>
<td>8,549,276</td>
<td>12,213,252</td>
</tr>
<tr>
<td>2022</td>
<td>8,549,276</td>
<td>12,213,252</td>
</tr>
<tr>
<td>2023</td>
<td>8,549,276</td>
<td>12,213,252</td>
</tr>
<tr>
<td>2024</td>
<td>8,549,276</td>
<td>12,213,252</td>
</tr>
</tbody>
</table>

The Tower Property subrental revenue for the years ended June 30, 2019 and 2018 amounted to $13,338,835 and $15,095,238, respectively. The Tower Property rent expense paid to the City of New York for the years ended June 30, 2019 and 2018 amounted to $9,337,185 and $10,566,667, respectively.

(7) Loans Payable and Line of Credit

In November 2009, The Trust for Cultural Resources of the City of New York (the Trust) issued Revenue Bonds Series 2009, the proceeds of which have been loaned to Carnegie Hall. The outstanding amount due under the Series 2009 Revenue Bonds at June 30, 2019 and 2018 is $110,000,000.

The interest on the Series 2009 Revenue Bonds is fixed at 4.75% on $28,905,000 principal amount and 5.00% on $81,095,000 principal amount. The loan agreement between Carnegie Hall and the Trust requires that Carnegie Hall make loan repayments equal to all principal and interest payable on the applicable bond payment dates. Loan principal repayments are scheduled to commence during the fiscal year ending June 30, 2026. Carnegie Hall is in compliance with the requirements of the loan documents. Interest paid for the years ended June 30, 2019 and 2018 was $5,427,738.

As of June 30, 2019, and 2018, the Series 2009 Revenue Bonds had an unamortized bond discount and issuance costs of $156,948 and $1,119,647 and $164,635 and $1,174,487, respectively, included in loans payable in the accompanying balance sheets.

Carnegie Hall has a revolving credit agreement which was amended and restated as of December 31, 2016 for $25,000,000 and terminating on December 31, 2019, when all amounts under the agreement are due. No amounts were outstanding at June 30, 2019. At June 30, 2018, the amount outstanding under the agreement was $3,834,606. The outstanding amount is recorded as a liability and included with loans payable in the accompanying balance sheets. The interest rate on the outstanding amount was approximately 2.66% at June 30, 2018. The fixed fee rate on the unused balance was 0.10% at June 30, 2019 and 2018. Interest and fees paid on the line of credit for the years ended June 30, 2019 and 2018 were $70,218 and $121,764, respectively. Carnegie Hall intends to renew the line of credit prior to December 31, 2019.
The line of credit agreement requires Carnegie Hall to meet certain financial covenants. At June 30, 2019, Carnegie Hall was in compliance with these financial covenants.

On September 5, 2019, Carnegie Hall issued $87,540,000 of Series 2019 Revenue Bonds. The proceeds, including a premium of $24,244,464 on the Series 2019 bonds, will be used to refund $110,000,000 of Series 2009 Revenue Bonds on December 1, 2019. The Series 2019 bonds were borrowed through the tax-exempt bonds issued by the Trust for Cultural Resources of the City of New York with maturity dates from December 1, 2020 through December 1, 2039. Interest on the bonds is payable each December 1 and June 1 at a fixed rate of 5%.

(8) Functional Classification of Expenses
Carnegie Hall excluded depreciation and amortization, interest, and pension nonservice cost from the functional expense categories in the statements of activities for the year ended June 30, 2018.

The following provides the functional allocation including these amounts:

<table>
<thead>
<tr>
<th>Total expenses</th>
<th>Programs</th>
<th>General and administrative</th>
<th>Fund-raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$119,288,512</td>
<td>92,131,102</td>
<td>18,857,279</td>
<td>8,300,131</td>
<td></td>
</tr>
</tbody>
</table>
(9) Pension Plans

The Corporation has a defined-benefit pension plan for its administrative employees. Plan benefits are based on a participant’s years of service, age, and average monthly compensation. The Corporation’s funding policy is to contribute amounts to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

Effective July 1, 2017, the plan was amended to freeze credited service that applies to the pre-July 1, 2017 benefit formula (Legacy benefit). Going forward, active participants each year will earn a new benefit to be paid in the form of a variable annuity (Sustainable Income Plan (SIP) benefit). At retirement, participants will receive all applicable benefits.

The following tables set forth the plan’s financial information as of June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$45,405,901</td>
<td>$44,243,884</td>
</tr>
<tr>
<td>Service cost</td>
<td>1,984,132</td>
<td>1,471,076</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,847,442</td>
<td>1,581,389</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>4,392,819</td>
<td>(1,776,300)</td>
</tr>
<tr>
<td>Benefits paid and estimated expenses</td>
<td>(1,444,355)</td>
<td>(114,148)</td>
</tr>
<tr>
<td>Benefit obligation at end of year</td>
<td>52,185,939</td>
<td>45,405,901</td>
</tr>
</tbody>
</table>

| Change in plan assets: |               |               |
| Fair value of plan assets at beginning of year | 21,274,152 | 17,514,636 |
| Actual return          | 1,181,017     | 1,429,231     |
| Employer contributions | 2,471,268     | 2,467,021     |
| Benefits paid and actual expenses | (1,465,626) | (136,736) |
| Fair value of plan assets at end of year | 23,460,811 | 21,274,152 |
| Funded status          | $ (28,725,128) | (24,131,749) |

| Components of net periodic cost: |               |               |
| Service cost   | $1,984,132     | 1,471,076     |
| Interest cost  | 1,847,442     | 1,581,389     |
| Expected return on plan assets | (1,393,402) | (1,067,111) |
| Other, net     | 445,462       | 630,033       |
| Net periodic cost | $2,883,634 | 2,615,387     |

| Item not yet recognized as a component of net periodic benefit cost: |               |               |
| Actuarial loss (gain) | $4,181,013     | (2,745,865)   |

(Continued)
Accumulated amounts recorded in net assets without donor restrictions other than through net periodic benefit cost at June 30, 2019 and 2018 consist of actuarial losses of $13,296,657 and $9,115,644, respectively. In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal year 2020 will include the amortization of the actuarial loss of $720,000.

The accumulated benefit obligation for the plan at June 30, 2019 and 2018 was $42,605,160 and $37,087,386, respectively.

<table>
<thead>
<tr>
<th>Weighted average assumptions used to determine benefit obligations:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.35%</td>
<td>4.05%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weighted average assumptions used to determine net periodic benefit cost:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.05%</td>
<td>3.70%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>6.40</td>
<td>6.40</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Carnegie Hall expects to contribute $4,564,000 to the plan in 2020. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$4,108,000</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>1,784,000</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>2,385,000</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>2,002,000</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>1,954,000</td>
<td></td>
</tr>
<tr>
<td>2025–2029</td>
<td>11,952,000</td>
<td></td>
</tr>
</tbody>
</table>

The following tables present Carnegie Hall’s fair value hierarchy for plan assets, which are measured at fair value on a recurring basis, as of June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th>Fair value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stocks</td>
<td>$2,729,687</td>
<td>2,729,687</td>
<td>—</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>15,851,753</td>
<td>15,851,753</td>
<td>—</td>
</tr>
<tr>
<td>Group annuity contract</td>
<td>4,879,371</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>$23,460,811</td>
<td>18,581,440</td>
<td>—</td>
<td>4,879,371</td>
</tr>
</tbody>
</table>
THE CARNEGIE HALL CORPORATION

Notes to Financial Statements

June 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair value</td>
</tr>
<tr>
<td>Common stocks</td>
<td>$ 2,477,045</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>12,736,409</td>
</tr>
<tr>
<td>Group annuity contract</td>
<td>6,060,698</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,274,152</strong></td>
</tr>
</tbody>
</table>

Activity with respect to Level 3 plan assets for the years ended June 30, 2019 and 2018 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$ 6,060,698</td>
<td>5,947,462</td>
</tr>
<tr>
<td>Sales</td>
<td>(1,351,490)</td>
<td>(41,169)</td>
</tr>
<tr>
<td>Interest earned</td>
<td>170,163</td>
<td>154,405</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 4,879,371</td>
<td>6,060,698</td>
</tr>
</tbody>
</table>

Carnegie Hall participates in a multiemployer union pension plan, the Pension Fund of Local No. One, I.A.T.S.E. The Employer Identification Number is 13-3022965 and the three-digit Pension Plan number is 001. The most recent Pension Protection Act (PPA) zone status is green at December 31, 2018 and 2017, which is for the plan years ended December 31, 2018 and 2017. The zone status is based on information that Carnegie Hall received from the plan sponsor and, as required by the PPA, 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 expiration date of the collective bargaining agreement requiring contributions to the plan is August 31, 2021. The contributions by Carnegie Hall to the union pension fund were $418,795 and $419,142 for the years ended June 30, 2019 and 2018, respectively.

Carnegie Hall further participates in six other multiemployer plans, the amounts of which are immaterial to the financial statements.

(10) Related Party Transactions

Organizations affiliated with members of the Board of Trustees of Carnegie Hall provide services to the Corporation. The arrangements for these services are negotiated on an arm’s-length basis and are periodically reviewed by the Governance Committee of the Corporation.
(11) Net Assets

The composition of net assets with donor restrictions as of June 30, 2019 and 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artistic and educational programs</td>
<td>$38,117,819</td>
<td>43,397,332</td>
</tr>
<tr>
<td>Annual fund – time restrictions</td>
<td>25,940,753</td>
<td>24,236,410</td>
</tr>
<tr>
<td>Endowment appreciation not appropriated for expenditure</td>
<td>110,098,139</td>
<td>117,170,727</td>
</tr>
<tr>
<td>Endowment corpus</td>
<td>193,684,114</td>
<td>193,134,467</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$367,840,825</strong></td>
<td><strong>377,938,936</strong></td>
</tr>
</tbody>
</table>

Carnegie Hall’s endowment is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA). Carnegie Hall has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. Accounting guidance associated with the enactment of NYPMIFA as set forth in Accounting Standards Codification Section 958-205-45, Classification of Donor-Restricted Endowment Funds Subject to UPMIFA, requires the portion of a donor-restricted endowment fund to be classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. In fiscal years 2019 and 2018, Carnegie Hall had a spending policy of appropriating for distribution 5% of the endowment funds’ average ending balance of the preceding 20 quarters through the calendar year preceding the fiscal year in which the distribution is planned.

Carnegie Hall’s primary investment objective is to earn a reasonable rate of return while preserving capital over a market cycle. Specifically, Carnegie Hall seeks to attain an average annual total return net of investment management fees that is higher than the sum of the spending rate plus inflation. Investments are to be adequately diversified in order to reduce risk, or volatility, of overall performance results from year-to-year and to take advantage of various investment opportunities. The Investment Committee of the Board of Trustees has adopted strategic asset allocation targets for equities, alternative investments, private investments (including real estate) and fixed income, while reserving the right to authorize investments in other asset classes.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the original historic dollar value. This deficiency typically results from unfavorable market fluctuations subsequent to the investment of endowment contributions and recorded in net assets with donor restrictions. There was one such donor-restricted endowment fund with a fair value of $4,815,785 at June 30, 2019 and an original historic value of $5,000,000. The donor agreement permits the application of the spending policy on the underwater fund. There were no such deficiencies at June 30, 2018.
Carnegie Hall’s endowment consists of both donor-restricted endowments and those amounts designated by the board to function as endowment. Endowment net assets consist of the following at June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original gifts</td>
<td>Accumulated gains</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor restricted</td>
<td>$ —</td>
<td>193,684,114</td>
<td>110,098,139</td>
<td>303,782,253</td>
<td></td>
</tr>
<tr>
<td>Board designated</td>
<td>7,373,084</td>
<td>—</td>
<td>—</td>
<td>7,373,084</td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>$ 7,373,084</td>
<td>193,684,114</td>
<td>110,098,139</td>
<td>311,155,337</td>
<td></td>
</tr>
<tr>
<td>2018:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor restricted</td>
<td>$ —</td>
<td>193,134,467</td>
<td>117,170,727</td>
<td>310,305,194</td>
<td></td>
</tr>
<tr>
<td>Board designated</td>
<td>7,544,773</td>
<td>—</td>
<td>—</td>
<td>7,544,773</td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2018</td>
<td>$ 7,544,773</td>
<td>193,134,467</td>
<td>117,170,727</td>
<td>317,849,967</td>
<td></td>
</tr>
</tbody>
</table>

The following table presents the changes in endowment net assets for the years ended June 30, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original gifts</td>
<td>Accumulated gains</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2017</td>
<td>$ 7,408,272</td>
<td>187,520,043</td>
<td>111,637,591</td>
<td>306,565,906</td>
<td></td>
</tr>
<tr>
<td>Investment gain, net</td>
<td>491,031</td>
<td>—</td>
<td>19,828,606</td>
<td>20,319,637</td>
<td></td>
</tr>
<tr>
<td>Endowment spending</td>
<td>(354,530)</td>
<td>—</td>
<td>(14,295,470)</td>
<td>(14,650,000)</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>—</td>
<td>5,614,424</td>
<td>—</td>
<td>5,614,424</td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2018</td>
<td>7,544,773</td>
<td>193,134,467</td>
<td>117,170,727</td>
<td>317,849,967</td>
<td></td>
</tr>
<tr>
<td>Investment gain, net</td>
<td>195,068</td>
<td>—</td>
<td>8,035,655</td>
<td>8,230,723</td>
<td></td>
</tr>
<tr>
<td>Endowment spending</td>
<td>(366,757)</td>
<td>—</td>
<td>(15,108,243)</td>
<td>(15,475,000)</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>—</td>
<td>549,647</td>
<td>—</td>
<td>549,647</td>
<td></td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>$ 7,373,084</td>
<td>193,684,114</td>
<td>110,098,139</td>
<td>311,155,337</td>
<td></td>
</tr>
</tbody>
</table>