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The George Balanchine Trust
20 Lincoln Center
New York, NY 10023

In Appreciation

From the Ballet Master in Chief



Alexandra Ansanelli and
Damian Woetzel
in *Carousel (A Dance)*
Choreography © Christopher
Wheeldon
Photo © Paul Kolnik

Our Company has always benefited from strong philanthropic leadership, beginning with Lincoln Kirstein. As a European, I may have a special appreciation for the role philanthropy plays in cultivating an environment that encourages innovation and creativity in American arts institutions. The direct contribution of so many dedicated patrons enriches our artistic soil.

So it is with a profound sadness that we mourn the passing this past year of Irene Diamond. Irene was a longtime, generous supporter of the Company. She was a champion of new work, evidenced by her support of The Diamond Project, which she helped to establish in 1992. Her financial and intellectual contributions have made a supreme difference to NYCB. Perhaps her greatest legacy will be her co-founding of our New York Choreographic Institute, which has created a laboratory for the dance-makers of tomorrow.

The Choreographic Institute had a remarkable year. A total of ten choreographers participated in studio sessions, making new work on NYCB and School of American Ballet dancers. In addition, for the first time the Institute collaborated with The Juilliard School, inviting composers from their outstanding program to provide original ballet scores. This work with Juilliard was exciting, and consistent with New York City Ballet's commitment to new music.

Our music director, Andrea Quinn, continued her excellent work with our orchestra. And our new productions showcased an extraordinary breadth of musical literature, including works by Richard Rodgers, John Adams, Camille Saint-Saëns, and the Estonian composer Arvo Pärt.

This exceptional array of new work and the opportunities that it affords to our extraordinary dancers, musicians, and other artists would not be possible without the funding of our patrons. Once again, support came from many, not only for new initiatives but also for the very foundation of New York City Ballet: the preservation and presentation of works by George Balanchine and Jerome Robbins.

All of us at New York City Ballet are mindful of the trust placed in us by our audience and supporters. We are grateful for the opportunity to serve the artistic community that is New York. In particular, I would like to thank our Board of Directors and our Advisory Board for their outstanding leadership in a time of very real economic challenges for all of us who love dance and the arts.

—Peter Martins

Investing in Our Future

From the Chairman

This year was not without its challenges, as New York continued to struggle under the burden of reduced tourism and a difficult economy. With the stalwart support of our remarkable patrons and audience, however, New York City Ballet was able to enjoy a creative and relatively prosperous year.

It is the legacy of Balanchine and Kirstein, who established New York City Ballet with the goal of creating new works, that even in the face of tough economic times the Company continues to build its repertory. Many arts organizations are tempted to cut back their investment in creative endeavors under such circumstances, yet we found the means to continue our efforts. A total of six new works were commissioned and produced this year, including two new ballets by Peter Martins and three by Resident Choreographer Christopher Wheeldon.

This commitment to the new is one thing that sets New York City Ballet apart from virtually any other classical dance company today. In fact, we commission more new works than nearly any other institution of our size in the world today. This, of course, is balanced with the singular privilege of preserving the many masterworks that were created on and for this company by Balanchine and Robbins. This we do by teaching their ballets to new generations of dancers, most of whom also trained at the school founded by Balanchine and Kirstein, and by mounting these works on a nightly basis.

A less known but equally committed side of the Company showed itself in our educational efforts this year. Much work has been put forth to refine our programs for schools, and this year we touched the lives of thousands of the city's young people with programs such as *Ballet Bridges* and *The Nutcracker Project*. We also continued to provide enrichment programs for our audiences such as *Ballet for Young People*, *Family Fanfare*, and our *NYCB Seminars*, all of which provide a deeper understanding of ballet.

Like many, I mourned the passing this year of Irene Diamond, one of our great patrons. Her support of the New York Choreographic Institute and The Diamond Project ensures that her memory will always be connected to a love for the creative process.

I want to express my most heartfelt thanks to our Board of Directors, which has worked tirelessly and given generously to assure that New York City Ballet has the resources it needs to achieve its ambitious mission. It has been our collective reward to be blessed with exceptional performances by our dancers, musicians, and other artists, who continue to set the highest standard in the world of dance. I would especially like to congratulate those directors who completed their terms of service this year: Anne Bass, Jonathan Bell, Howard Berkowitz, Larry Herbert, Karen Hughes, Bob Lipp, Judy McGrath, and Marjorie Van Dercook. They each gave a great deal to the Company, for which we are all grateful.

Since this is the sixth and final year of my chairmanship, I want to offer my own thanks for the privilege of serving such a remarkable institution. I have consistently admired the dedication and creativity of Peter Martins, who performs his several roles—ballet master, choreographer, and executive—with such consummate skill, and of his loyal staff, whose efforts year after year are hidden behind the scenes. Above all, it has been a privilege to watch a little more closely the extraordinary dancers whom the rest of us serve, for it is they who create the beauty on stage that gives us so much pleasure.

—Howard Solomon



Janie Taylor and Sébastien Marcovici in *Hallelujah Junction*
Choreography by Peter Martins
Photo © Paul Kolnik

Season Highlights 2002-2003

Winter Season



Pascale van Kipnis and Kipling Houston in *Fancy Free*
Choreography by Jerome Robbins
Photo © Paul Kolnik

New York City Ballet's 2002-2003 season began on November 26, 2002, with its annual Opening Night Benefit and a special tribute to Broadway legend Richard Rodgers. The evening, one of many festivities across the country marking the 100th anniversary of the composer's birth, featured three new ballets set to a variety of scores by Rodgers for both stage and screen. Rodgers' daughters, Linda Rodgers Emory and Mary Rodgers Guettel, served as honorary chairmen of the event, which was sponsored by Phillips, de Pury & Luxembourg and raised more than \$1.1 million for the Company's performance seasons.

Mayor Michael Bloomberg kicked off the gala evening with remarks from the stage. The program continued with two world premiere ballets conducted by NYCB Music Director Andrea Quinn. Robert La Fosse, who earlier in the fall retired from New York City Ballet after 16 years as a principal dancer, choreographed *Land of Nod* to songs from some of Rodgers' less-known musicals. The score for the ballet

was arranged and orchestrated by Mack Schlegler. Resident Choreographer Christopher Wheeldon created *Carousel (A Dance)*, set to "The Carousel Waltz" and "Ballet" from the 1945 Rodgers and Hammerstein classic *Carousel*, in an original arrangement by Bill Brohn.

The program concluded with a preview performance of Peter Martins' *Thou Swell*, set to a suite of songs orchestrated by Don Sebesky, arranged by Glenn Kelly, and performed by Debbie Gravitte and Jonathan Dokuchitz. An on-stage jazz trio and full orchestra led by guest conductor Paul Gemignani accompanied the dancers and soloists. The set, by Robin Wagner, evoked an Art Deco supper club, and NYCB Artist in Residence Julius Lumsden's costumes completed the picture. Bernadette Peters made a surprise appearance during the encore, singing a soulful rendition of "What's the Use of Wond'rin'?"

The winter season continued with New York City Ballet's annual presentation of George Balanchine's *The Nutcracker™*, one of New York City's perennial holiday favorites. Robert Tewsley, who joined NYCB as a principal dancer during the fall, gave his first performances as a Company member during George Balanchine's *The Nutcracker™*. Sofiane Sylve, a visiting artist from Dutch Nationale Ballet for the winter season, also gave her first performances in America during the run, and former NYCB principal dancer, Igor Zelensky, now with The Kirov Ballet, made a surprise appearance. Nearly 116,000 people attended George Balanchine's *The Nutcracker™* in 2002-2003, performances of which were sponsored for the fifth year in a row by Citibank. On December 14, 2002, New York City Ballet and the School of American Ballet hosted The Nutcracker Family Benefit, which raised more than \$500,000 for SAB scholarships and the Company's education programs with the help of Barbie Cares, sponsor of the event for a second year.

New York City Ballet's winter repertory season ran from January 7 through March 2, 2003 and featured performances of 50 ballets from the Company's repertory. Several ballets that premiered during the spring 2002 season as part of the tenth anniversary of The Diamond Project returned to the repertory: Christopher Wheel don's *Morphoses*, accompanied by the FLUX Quartet; Albert Evans' *Haiku*, music performed by Essential Music; Mauro Bigonzetti's *Vespro*, with musical guest artists Bruno Moretti (composer and piano), Steven Rickards (countertenor), and Albert Regni (soprano saxophone); and Peter Martins' *The Infernal Machine* and *Bach Concerto V*. The season also featured revivals of Balanchine's *Ballade*, made in 1980 for Merrill Ashley and Ib Andersen and last performed in 1993; Jerome Robbins' *Piano Pieces*, created for the Tchaikovsky Festival in 1981 and not performed by the Company in 14 years; and two ballets by Peter Martins set to music by Stravinsky, *Eight Easy Pieces* and *Eight More*, choreographed in 1980 and 1985, respectively, and not presented since 1991. During the winter season, Kipling Houston made his last appearance with New York City Ballet after 28 years with the Company, performing in Balanchine's *Symphony in Three Movements* and Robbins' *Fancy Free*.

Thou Swell, which was funded in part by a gift from Dr. and Mrs. Raymond R. Sackler and an endowment gift from the Solomon family for the creation and presentation of works by Peter Martins, received its official premiere on January 22, 2003 as part of the annual New Combinations Evening celebrating George Balanchine's birthday. Mr. Martins dedicated the premiere and all future performances of *Thou Swell* to the



Concerto Barocco
Choreography by George Balanchine
© New York City Ballet
Photo © Paul Kolnik



Wendy Whelan and Robert Tewsley in *Ballade*
Choreography by George Balanchine
© The George Balanchine Trust
Photo © Paul Kolnik

memory of Irene Diamond, a longtime friend and generous benefactor of the Company. Christopher Wheeldon's *Carousel (A Dance)*, which was originally envisioned as a pièce d'occasion for Opening Night, was also added to the winter season line-up. In all, more than 230,000 people attended NYCB's performances during the winter season.



**John Lithgow as Mabel Buntz in
Carnival of the Animals
Choreography by Christopher Wheeldon
Photo © Paul Kolnik**

In January, The Jerome Robbins Foundation awarded New York City Ballet and lighting designer Jennifer Tipton the first-ever Jerome Robbins Prizes for excellence in the dance arts. Established to honor Mr. Robbins' wishes, the prizes were presented to Ms. Tipton and Peter Martins by Floria Lasky, Allen Greenberg, and Daniel Stern, directors of the Foundation, at a dinner on the Promenade, followed by an all-Robbins performance. At the Annual Luncheon in February, Peter Martins presented corps de ballet member Ashley Boudier with the Janice Levin Dancer Award, which was established in 2000 with a generous endowment gift from long-time NYCB board member Janice Levin. The award recognizes a promising young member of the Company who also studied at the School of American Ballet, and now also honors Mrs. Levin's memory. Ms. Boudier was a student at SAB for a little over one year before being invited to join the Company in October 2000.

Spring Season

New York City Ballet's spring season ran from April 29 through June 29, 2003 and featured 39 ballets from the Company's repertory as well as three new works. The first new ballet to be presented was Peter Martins' *Guide to Strange Places*, set to music of the same name by John Adams with set design by Julius Lumsden and costumes by Catherine Barinas, both NYCB artists in residence. The ballet was funded in part by a grant from The Irene Diamond Fund. Mr. Martins' association with Mr. Adams began when he choreographed *The Chairman Dances* in 1988, and has continued with such works as *Fearful Symmetries* (1990), *Adams Violin Concerto* (co-commissioned by NYCB in 1993 and choreographed in 1995), and, most recently, *Hallelujah Junction* (2001). *Guide to Strange Places*, his eighth ballet to an Adams composition, previewed at NYCB's Spring Gala on May 14, 2003 and premiered the following evening as part of a Lincoln Center-sponsored retrospective festival, "John Adams: An American Master." Mr. Adams conducted NYCB's orchestra at both performances. Mr. Martins and Mr. Adams also participated in a seminar with NYCB Music Director Andrea Quinn during which they discussed contemporary American music and ballet.

Christopher Wheeldon's *Carnival of the Animals*, set to the familiar score by Camille Saint-Saëns, was the other highlight of the 2003 Spring Gala, which was sponsored by Banc of America Securities and raised \$1.3 million for the Company. Mr. Wheeldon collaborated with actor and children's book author John Lithgow, who wrote and performed the narration, to create a work that is both sophisticated in its wit and appealing to children. The ballet, which tells the story of a young boy who falls asleep on a visit to the American Museum of Natural History and has fantastic dreams, was brought to life with sets and costumes by Jon Morrell. *Carnival of the Animals* was generously underwritten with gifts from the Mary P. Oenslager Foundation Fund of the New York Community Trust and the Point Gammon Foundation, and by the Geoffrey C. Hughes Foundation, which has supported Mr. Wheeldon's work as resident choreographer.

A pas de deux for principal dancers Jock Soto and Wendy Whelan by Christopher Wheeldon, the creation of which was also supported by the Geoffrey C. Hughes Foundation and a grant from AT&T, completed the trio of new spring season ballets. *Liturgie*, which is set to music by Estonian composer Arvo Pärt, received its premiere on May 31, 2003. Violinist Colin Jacobsen joined the NYCB Orchestra as soloist, performing on a Guarneri violin from 1696. Other highlights of the season, which attracted an audience of nearly 124,000, included the return of Mr. Martins' full-length *Swan Lake*, and revivals of Robbins' *Glass Pieces* and *Ives, Songs*, the latter sung by guest soloist Timothy Nolen, and Balanchine's *Tschaikovsky Piano Concerto No. 2* and *Brahms-Schoenberg Quartet*. Two exciting young violinists also appeared throughout the season in place of Concertmaster Guillermo Figueroa, who earlier in the year announced that he would leave the NYCB Orchestra to become music director of the New Mexico Symphony Orchestra. In May, Alexandra Ansanelli was promoted to principal dancer.

Additional leadership support for NYCB's 2002-2003 winter and spring performance seasons was provided by The Florence Gould Foundation, HSBC Bank USA, the LuEsther T. Mertz Charitable Trust, The Ambrose Monell Foundation, New York City Department of Cultural Affairs, New York State Council on the Arts, The Shubert Foundation, and contributors to the Education and Repertory Funds, as well as The Eleanor Naylor Dana Charitable Trust, Gillian Atfield/Harriet Ford Dickenson Foundation, Fan Fox and Leslie R. Samuels Foundation, Inc., The Norman & Rosita Winston Foundation, and members of the New Combinations Fund, who made gifts and grants specifically to support the new work presented this year.

Beyond New York City

In July 2002, New York City Ballet traveled to Saratoga Springs, New York for the Company's 37th annual residency at the Saratoga Performing Arts Center. Highlights from the 2002 Saratoga season included George Balanchine's *Firebird* and *Prodigal Son*, Jerome Robbins' *Circus Polka* and *Opus 19/The Dreamer*, Peter Martins' *Hallelujah Junction*, and Christopher Wheeldon's *Morphoses*. Nearly 52,000 people enjoyed these performances at SPAC's idyllic outdoor theater.

New York Choreographic Institute

Created by Peter Martins in 2000 to encourage the next generation of classical choreographers, the New York Choreographic Institute has quickly become an important resource for the dance community. Twenty-five choreographers from the United States, Canada, Europe, and Russia have participated to date, and a number have gone on to create new works influenced by their experience at the Institute.



Faye Arthurs and Andrew Veyette perform Albert Evans' work for the Fall 2002 session.
Photo © Paul Kolnik

In 2002-2003, the NYCI hosted its third round of choreographic sessions at New York City Ballet's Rose Building rehearsal studios. The aim of the sessions is to provide choreographers with the opportunity to develop new creative ideas without the pressure of a formal commission. Six choreographers participated in the fall session and four in the spring. Some, like Christopher Stowell, used the time to begin or further develop new work. Others spent their time in the studio experimenting with new directions, ideas, or music. Christopher d'Amboise, for example, explored the notion of the spoken word as an impetus for movement, an idea he went on to develop following the Institute. During the sessions, choreographers also attended a seminar with NYCB Lighting Designer Mark Stanley and Director of Costumes Holly Hynes and a panel discussion with composers Richard Rodney Bennett, Christopher Rouse, Michael Torke, and Joan Tower. These offerings were also open to past Institute participants as well as Juilliard composition students and other dancers interested in music and choreography.

In the spring, the Institute launched a new partnership with The Juilliard School that enables participating choreographers to collaborate with working composers. John Mackey and Daniel Ott, both graduates of Juilliard, worked with Melissa Barak and Benjamin Millepied, respectively, in advance of the spring session to create new music to which the two choreographers then set their dances. The experience allowed both the composers and choreographers to better appreciate the demands of each medium. For the composers, it was a chance to see their work visualized in ways they might not have imagined, while the choreographers had the opportunity to deepen their knowledge of music and its underlying structures.

2002-2003 NYCI Participants

Fall Session



Benjamin Millepied rehearsing students from SAB for the NYCI spring 2003 session.
Photo © Paul Kolnik

Julia Adam, independent choreographer and former principal dancer, San Francisco Ballet

Christopher d'Amboise, independent choreographer, former principal dancer, New York City Ballet, and former director, Pennsylvania Ballet and Off-Center Ballet

Albert Evans, principal dancer, New York City Ballet

Marco Goecke, choreographer and former dancer, Stuttgart Ballet

Peter Quant, independent choreographer with associations at both The Royal Winnipeg Ballet and Stuttgart Ballet
Christopher Stowell, artistic director, Oregon Ballet Theatre, and former principal dancer, San Francisco Ballet

Spring Session

Melissa Barak, corps de ballet member, New York City Ballet
Benjamin Millepied, principal dancer, New York City Ballet
Theodore Seymour, student, School of American Ballet
Giovanni Villalobos, student, School of American Ballet

In March 2003, the New York Choreographic Institute presented the third of a series of annual symposia that seek to illuminate the work of choreographers who have been major influences in the world of dance. The focus of this year's event was Sir Frederick Ashton (1904-1988) the esteemed British dancer, choreographer, and ballet director whose long career with The Royal Ballet culminated with seven years as the Company's director,

from 1963 until 1970. During his career, Ashton choreographed more than 80 ballets, including such seminal works as *Les Patineurs*, *Illuminations*, *Cinderella*, *A Month in the Country*, and *La Fille malgardée*. Clive Barnes, the noted writer and critic, moderated the panel discussion, which featured composer Richard Rodney Bennett, former Royal Ballet principal dancer Alexander Grant, and David Vaughn, author of the book *Frederick Ashton and His Ballets*. Frederic Franklin also made a surprise appearance to talk about his experience in *Devil's Holiday*.

The Institute was funded in part this year by gifts from The Howard Gilman Foundation, Susan & Peter W. Schweitzer, the National Endowment for the Arts, and New York State Council on the Arts, and by endowment gifts from The Irene Diamond Fund, Gillian Attfield and Anne & Thomas Hubbard/Harriet Ford Dickenson Foundation, Agnes Gund & Daniel Shapiro, and Bob & Martha Lipp, among others.



The Campaign for New York City Ballet

The Campaign for New York City Ballet was begun in 1999 to grow NYCB's core endowment and thereby enable the Company to underwrite a greater percentage of its annual budget from investment income, and to support new initiatives such as the New York Choreographic Institute, New York City Ballet Archive, and the Artist in Residence program. During the year, many loyal patrons made gifts and pledges to the campaign. NYCB received important gifts for unrestricted endowment from Louisa Stude Sarofim, NYCB board member David Webb and his wife, Nancy, and

The Starr Foundation. Additionally, New York City Ballet received a lead gift from Judith McDonough Kaminski & Joseph Kaminski for the archive, which matches a Save America's Treasures grant, and a generous pledge for the Institute's endowment from Annie & Art Sandler.

The broadest phase of the campaign was also launched in 2002-2003, and Guild members and subscribers responded generously. As of June 30, nearly \$700,000 from over 1,000 donors had been raised through this effort, bringing the total received for the campaign to \$45 million against a final goal of \$51.5 million.

Remembering Irene Diamond

In January 2003, New York City Ballet lost one of its dearest friends, Irene Diamond. Mrs. Diamond was a philanthropist in the true sense of the word. She possessed an intellectual curiosity and generosity of spirit, and believed that change for the better was possible. And effect change she did. Through her personal commitment as well as financial resources she made a tremendous difference in the arts and in the areas of education reform and AIDS research.

Mrs. Diamond was a long-time, generous supporter of the Company. Over the years, she worked closely with Ballet Master in Chief Peter Martins to encourage the development of new choreography. In the early 1990s, she arranged a seed grant from the Aaron Diamond Foundation for what would become The Diamond Project, NYCB's signature showcase for new work. The first Diamond Project festival was held in 1992, and through The Irene Diamond Fund she went on to provide generous support for subsequent festivals over the next decade. As a co-founder and leading benefactor of the New York Choreographic Institute, Mrs. Diamond helped Mr. Martins realize a long-time dream of creating a place where choreographers can develop their craft without the scrutiny of the public eye, a freedom that is enjoyed by visual artists, composers, and playwrights, but rarely available to choreographers given their need for dancers and studio space.

Irene Diamond's commitment to New York City Ballet lives on through the creation of new ballets, the discovery of fresh choreographers, and the continuing impulse to experiment. Irene loved what was new, and her daring encouragement will always be remembered and honored.



Peter Martins and Irene Diamond
Photo © Paul Kolnik



John Braden holding a costume from the John Taras ballet *The Song of The Nightingale* at the Company's warehouse for archival documentation.

Photo by Heather Heckman

documenting more than 500 costumes, headpieces, props, and other items in storage, unearthing complete costumes for *Don Quixote* as well as the original costumes for *The Cage*, *Danses Concertantes*, *Pulcinella*, Balanchine's *Swan Lake*, *Stars and Stripes*, *Tricolore*, and *Firebird*. The painstaking process of cleaning, storing, and, where appropriate, restoring these costumes will be a priority in 2003-2004. Leadership support for the NYCB Archive was provided by The Gladys Krieble Delmas Foundation, the Kaminski Foundation, and Save America's Treasures, a partnership of the National Endowment for the Arts and the National Park Service

New York City Ballet Archive

In 2002-2003, the New York City Ballet Archive benefited from several donations of materials—including a number of photographs and negatives from Martha Swope, who was the Company photographer from 1957 to 1983—increasing total archival holdings by nearly 10 percent to a total of 674 cubic feet. Archival staff processed 71 cubic feet of materials and made 3,398 new entries to the archive's central database, bringing the total number of data entries to 18,889.

After 18 months of work, NYCB finished restoring and digitizing some 750 audio-visual recordings that were nearing disintegration. To broaden access to this rich repository for dance scholars and others, NYCB copied the recordings for the New York PublicLibrary's Dance Division, and also developed and contributed to the Library a database that details the collection. Archivists also restored the sheet music—including full conductor's scores, the parts for each instrument or instrument group, and piano reductions—for three important works in the Company's repertory: *Raymonda Variations*, *Chaconne*, and *Swan Lake*.

At NYCB's warehouse space in Paterson, New Jersey, archival staff spent considerable time



George Balanchine (center) with the original cast of *Western Symphony*. Photo by Martha Swope, part of her recent donation to the NYCB Archive



Christopher Wheeldon (right) leading this year's *Ballet for Young People*
Photo © Paul Kolnik

Education and Outreach

New York City Ballet continued to serve the city's multicultural communities in 2002-2003 by offering a wide range of education programming for school children. Nearly 1,200 elementary and middle school students from 17 schools across New York City and the surrounding metropolitan area participated in Ballet Bridges, an intensive, curriculum-based program that integrates dance with language arts, history, and writing, as well as whole-school educational initiatives. The Nutcracker Project involved elementary school students— 1,700 in all—from every public school district in the city, while the New York City Ballet Workout was offered as a physical education elective in 26 New York City public high schools, reaching

more than 2,000 students. NYCB also conducted programs at the New York State Theater that enabled students from pre-kindergarten through college to glimpse the inner workings of the Company, and created special educational programs for other venues such as the New York Botanical Garden.

For families, NYCB offered the Family Fun matinee performance series and Family Insights, pre-performance discussion/demonstrations that introduce participants to various aspects of ballet and stagecraft. NYCB Resident Choreographer Christopher Wheeldon joined Music Director Andrea Quinn to lead this year's Ballet for Young People program, which explored the relationship between music and choreography; more than 1,200 children and adults attended. Family Fanfare, an entertaining presentation that answers the question "What is ballet?" was again sold out. Additionally, the Family Circle membership program offered young children and their parents or grandparents special opportunities to participate in activities and events at the ballet together. People of all ages were able to enrich their experience with ballet through pre-performance Ballet Insights talks and in-depth seminars featuring NYCB artistic and technical staff, dancers, and guest artists.

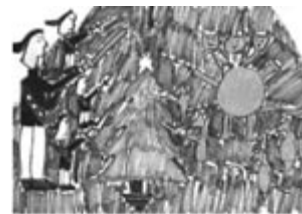
Through the student rush ticket program, 2,550 high school, college, and postgraduate students were able to attend NYCB performances for just \$10 each. NYCB also distributed free or deeply discounted tickets to area health and human service agencies, community centers, and schools.

Leadership support for NYCB's education and outreach programming in 2002-2003 was provided by the Rose M. Badgeley Residuary Charitable Trust, The Barker Welfare Foundation, The Mitchell & Margo Blutt Family Foundation, Judy & Nick Bunzl, The Louis Calder Foundation, The Dreitzer Foundation, Inc., Edith & Henry Everett, William H. Kearns Foundation, KPMG LLP, J.P. Morgan Chase Foundation, Belle & Murray L. Nathan, Oceanic Heritage Foundation, and The Picower Foundation.

The Nutcracker Project -

A Holiday Gift to New York City School Children

The Nutcracker Project is an interdisciplinary program that strives to develop language skills and artistic expression in third- and fourth-grade students while providing an introduction to New York City Ballet and classical dance. Every year, New York City Public School arts coordinators select one school— two classes per school—in each of the city's 34 school districts to participate.



NYCB's production of *George Balanchine's The Nutcracker™* serves as the centerpiece of the program, and students attend a free matinee performance. Teaching artists with a broad range of experience in different art forms— visual, literary, performing—guide students through a series of five workshops that are held in their schools over a four-month period. During the first workshop, teaching artists provide a preview of what is to come, introduce students to basic movement concepts and steps, and share their own artwork with students. In the four subsequent workshops, students draw on the experience of attending *George Balanchine's The Nutcracker™* and their own memories and personal interpretations of the holidays to write stories and poems, paint or draw pictures, and choreograph their own dances. Classroom teachers play an important role in all of these activities, and conduct three separate lessons with students. The program culminates in the publication of an anthology of poems and artwork.



Artwork created by students who participated in The Nutcracker Project

For most of the participating students, The Nutcracker Project represents an inspiring new experience and a chance to share in a beloved holiday tradition. The program was made possible this year with funding from Mattel, Inc., the major sponsor, Citigroup Foundation, and The Charles H. Leach, II Foundation.



Reaching New Audiences

The Company continues to reach new audiences with the *New York City Ballet Workout* and with a high-end line of dancewear produced by Danskin.
Photo © Paul Kolnik

Though New York City Ballet took a hiatus from touring in 2002-2003, it continued to employ new media as a means of generating interest in ballet and reaching audiences nationally and internationally, as well as extending the Company's brand identity. In May 2003, New York City Ballet and Palm Pictures released *New York City Ballet Workout 2* in both VHS and DVD formats. Building on the success of the first *New York City Ballet Workout* video, which was released in spring 2001, the new video provides additional stretching and strengthening exercises based on ballet technique, as well as more advanced movement combinations. The video features NYCB dancers Aesha Ash, Deanna McBrearty, Craig Hall, and Seth Orza and is narrated by Peter Martins. Just weeks following its release, *New York City*

Ballet Workout 2 captured the top spot in the nation on Amazon.com's best selling video chart, followed by the original *New York City Ballet Workout* in the number two spot.

The importance of New York City Ballet's website as a tool for reaching a broader audience continued to grow as NYCB added features to enhance the site for those who want to learn more about the Company and ballet in general as well as to improve its functionality for ticket buyers. Among the elements added, with generous support from Gillian Atfield/Harriet Ford Dickenson Foundation, were a "NYCB Chronology" with narrative history and photographs; a section devoted to the New York Choreographic Institute, including announcements of choreographic sessions and symposia and documentation of programs presented and participating artists; and a "For Families" section with recommendations for "family-friendly" ballets, a guide to theater etiquette, and a timeline of ballet history. The listing of ballets in NYCB's repertory was also enhanced with photographs and music clips to help visitors learn more about performances. Visits to the NYCB website exceeded the 2 million mark for the first time, up 32 percent over the previous year, with a dramatic increase in users from countries other than the United States that have traditionally shown the most interest in NYCB. The website accounted for 15 percent of all NYCB ticket transactions, and there were significant increases in the amount of revenue generated online for both *George Balanchine's The Nutcracker™* and repertory seasons. Online sales of student rush tickets, an initiative supported by the William H. Kearns Foundation, increased more than threefold over the previous year and accounted for 72 percent of all sales through the student rush program.

New York City Ballet also sought to reach women and girls interested in ballet and fitness by developing a high-end, branded line of dance and exercise apparel in partnership with Danskin. The first collection debuted in stores nationwide in the fall of 2002 and was among the company's top sellers.

Volunteers

New York City Ballet's 300 volunteers are an integral part of the Company's operation, without whose help many public programs and services would not be possible. In 2002-2003, these dedicated individuals contributed 22,000 hours of service, staffing information tables and the NYCB Gift Shop during theater hours, assisting with Green Room intermission receptions for NYCB donors, and giving talks and tours to audience members and visiting groups. Behind the scenes, volunteers provided substantial assistance to New York City Ballet's administrative operations, particularly the marketing, development, and special events departments. They also staffed the reception area for NYCB's Rose Building rehearsal studios and offices, and helped to coordinate and implement rehearsal visits and to manage NYCB's ticket donation program.



Piano Pieces
Choreography by Jerome Robbins
Photo © Paul Kolnik

Volunteers again played an important role in managing theater logistics for NYCB's two student matinees and programs such as Ballet for Young People on the days that these events were held. Volunteers with teaching experience also served as educators for an outreach program that is offered at the theater on Monday mornings to young students in pre-kindergarten through second grade classes. Nearly 600 children learned about ballet by going backstage, seeing and touching costumes and pointe shoes, and viewing video excerpts.

The Business & Professional Committee continued to attract numerous young professionals who again worked with the Company in mounting two events, one in the winter and one in the spring, to introduce new audiences to NYCB. The proceeds from these events benefited the Dancers' Emergency Fund.

Statements of Financial Position

at June 30, 2003 and 2002
(in thousands)

	2003	2002
Assets		
Cash and cash equivalents	\$ 7,953	\$ 5,279
Investments	122,501	115,452
Pledges receivable	9,018	9,857
Accounts receivable	522	558
Inventory	205	258
Deferred production costs	1,086	491
Due from CCMD	516	386
Leasehold in Rose Building and other fixed assets, less accumulated depreciation of \$4,957 in 2003 and \$4,866 in 2002	<u>9,462</u>	<u>9,830</u>
Total Assets	<u>\$151,263</u>	<u>\$142,111</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$4,917	\$4,229
Advance ticket sales and other deferred expenses	135	—
Payroll related liabilities due to CCMD	664	599
Payroll related and other liabilities	<u>2,223</u>	<u>2,230</u>
Total liabilities	<u>7,939</u>	<u>7,058</u>
Net Assets:		
Unrestricted:		
Undesignated	5,651	8,109
Investment in Rose Building	6,042	6,393
Board designated (see note 7)	29,340	23,003
	41,033	37,505
Temporarily restricted:		
Future productions	2,125	1,359
Time and other restrictions	5,234	4,332
Dancer's emergency	593	579
	7,952	6,270
Permanently restricted:		
Wallace Endowment	57,747	57,747
Unrestricted endowments	19,055	17,850
Restricted endowments (see note 7)	17,537	15,681
	<u>94,339</u>	<u>91,278</u>
Total net assets	<u>143,324</u>	<u>135,053</u>
Total liabilities and net assets	<u>\$151,263</u>	<u>\$142,111</u>

The accompanying footnotes are an integral part of these financial statements.

Statements of Activities

For the year ended June 30, 2003 and 2002
(in thousands)

	2003	2002
Changes in unrestricted net assets		
Operating revenues:		
Performance ticket sales and tour fees	\$ 21,572	\$ 22,426
Investment income not to exceed spending policy	5,669	3,923
Other revenues	<u>1,134</u>	<u>958</u>
Total operating revenue	<u>28,375</u>	<u>27,307</u>
Operating expenses:		
Program services:		
Ballet production costs	31,188	30,911
Facility expenses	3,972	3,637
Production management expenses	3,127	2,913
	<u>38,287</u>	<u>37,461</u>
Supporting services:		
Administration	3,430	3,440
Public support expense	4,339	4,179
	<u>7,769</u>	<u>7,619</u>
Total Operating expense	<u>46,056</u>	<u>45,080</u>
Loss from operations before public support	<u>(17,681)</u>	<u>(17,773)</u>
Public support including utilization of temporarily restricted net assets:		
Appropriation from the City of New York	1,068	1,094
Other governmental agencies	522	450
Special events	3,459	3,464
Guild memberships and activities	2,428	2,408
Foundations	2,550	6,685
Corporations	1,310	1,517
Individuals	4,146	3,393
Estates and trusts	<u>2,092</u>	<u>274</u>
Total Public Support	<u>17,575</u>	<u>19,285</u>
Operating Surplus	(106)	1,512
Pension plan adjustment - additional minimal liability	<u>(674)</u>	<u>—</u>
Investment income (under) over spending policy	<u>4,308</u>	<u>(7,740)</u>
(Increase) decrease in unrestricted net assets	\$ 3,528	\$ (6,228)

Changes in temporarily restricted net assets

Investment Revenue	\$ 47	—
Public support:		
City Support	\$ 30	\$ 1,675
Other government	440	167
Foundations	1,971	1,515
Corporations	728	933
Individuals	2,092	495
Estates and trusts	5	—
Utilization of temporarily restricted net assets	(3,562)	(6,837)
Change in value of split-interest arrangements	<u>(69)</u>	<u>(21)</u>
(Decrease) increase in temporarily restricted net assets	<u>1,682</u>	<u>(2,073)</u>

Change in permanently restricted net assets**Public Support**

Other Government	—	200
Foundations	1,012	1,867
Corporations	13	13
Individuals	2,036	619
Estates and trusts	<u>—</u>	<u>45</u>
Subtotal	3,061	2,754
Lila Acheson and DeWitt Wallace Fund	<u>—</u>	<u>10</u>
Increase in permanently restricted net assets	<u>3,061</u>	<u>2,754</u>

Change in total net assets

Net assets		
Beginning of year	<u>135,053</u>	<u>140,600</u>
End of year	<u>\$ 143,324</u>	<u>\$ 135,053</u>

The accompanying footnotes are an integral part of these financial statements.

Statements of Cash Flows

For the year ended June 30, 2003 and 2002
(in thousands)

	2003	2002
Cash flows from operating activities		
Change in net assets:		
Unrestricted	\$ 3,528	\$ (6,228)
Temporarily restricted	1,682	(2,073)
Permanently restricted	<u>3,061</u>	<u>2,754</u>
	8,271	(5,547)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	568	552
Contributions restricted for long-term activities	(1,056)	(2,217)
Net losses (gains) on investments	(6,445)	7,043
(Increases) decreases in assets:		
Pledges receivable	839	61,261
Accounts receivable	36	128
Inventory	53	33
Deferred production costs	(595)	114
Due from CCMD	(130)	457
Accounts payable and accrued expenses	688	(123)
Advance ticket sales	135	(95)
Payroll-related liabilities due to CCMD	65	33
Payroll-related and other liabilities	<u>(7)</u>	<u>(89)</u>
Net cash provided by operating activities	<u>2,422</u>	<u>61,550</u>
Cash flows from investing activities		
Proceeds from sale of investments	60,793	72,786
Purchase of investments	(61,397)	(134,493)
Purchases of property and equipment	<u>(200)</u>	<u>(1,570)</u>
Net cash used in investing activities	<u>(804)</u>	<u>(63,277)</u>
Cash flows from financing activities		
Endowment contributions		
Net cash provided by financing activities	1,056	2,217
Net increase (decrease) in cash and cash equivalents	<u>1,056</u>	<u>2,217</u>
Cash and cash equivalents		
Beginning of year	<u>5,279</u>	<u>4,789</u>
End of year	<u>\$ 7,953</u>	<u>\$ 5,279</u>

The accompanying footnotes are an integral part of these financial statements.

Footnotes

Footnote 1. Summary of Financial Statement Presentation and Significant Accounting Policies

The New York City Ballet, Inc. (City Ballet) is a not-for-profit organization and a constituent of City Center of Music and Drama, Inc. (CCMD). City Ballet operates as an entity independent of CCMD that provides certain services as described further below. CCMD is the sole member of City Ballet.

City Ballet is a tax-exempt organization and, accordingly, is not subject to income tax in accordance with §501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as defined in §509(a)(2) of the Code. Contributions to City Ballet are tax deductible to contributors as provided by law. The following is a summary of significant accounting policies consistently followed by City Ballet in the preparation of its financial statements.

Financial statement presentation The accounts of City Ballet are maintained in accordance with the principles of fund accounting. This procedure classifies resources for accounting purposes into funds established to reflect the activities and objectives specified by donors and/or City Ballet's Board of Directors. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America, which require that a not-for-profit organization's statement of financial position report the amounts for each of three classes of net assets—permanently restricted, temporarily restricted, and unrestricted—based upon the existence or absence of donor-imposed restrictions. The preparation of financial statements requires management to make assumptions and estimates that affect the amounts reported.

Cash and cash equivalents Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Property and equipment City Ballet does not own any land or buildings. Purchases of furniture and equipment that are not material are charged to current operations. Significant additions are capitalized and are depreciated using the straight-line method over the estimated useful lives of the assets. During fiscal year 2003, City Ballet retired \$477,000 of fixed assets.

Investments Investments are stated at market value. Donated securities are initially recorded at market value at the date of gift.

Board-designated funds Board-designated funds have been established by City Ballet as part of unrestricted net assets for purposes similar to those with donor-imposed restrictions. In June 1991 the Board adopted a policy permitting management to budget and expend a percentage (5.0% for 2003 and 2002) of a moving average of quarterly market values of its investment portfolio. The difference between this calculated amount and actual investment income is shown as "Investment income (under) over spending policy" in the accompanying statements of activities and added to "Board-designated net assets."

Endowments, NEA and working capital reserve Endowments, including certain National Endowment for the Arts (NEA) Challenge Grant funds, are subject to the donor-imposed restriction requiring that the gift be maintained in perpetuity with only the income being utilized. All such funds are included as part of permanently restricted net assets. Amounts may be withdrawn from these funds during the year to finance current operations, with the condition that all withdrawals are fully repaid in cash prior to that fiscal year-end. Investment income from these funds is available for operations.

Public support, grants, and contributions City Ballet reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as part of public support including utilization of temporarily restricted net assets.

Production costs City Ballet charges costume, scenery, and other production costs for current productions to expense as incurred. Costs relating to future productions are deferred until the year in which the productions are first presented.

Allocation of expenses, income and support CCMD provides services to City Ballet in connection with its operation and management of the New York State Theater and other administrative and accounting services under a management and services agreement. CCMD's New York State Theater facility expenses, facility income, and New York City facility support are allocated among the constituents based upon the number of scheduled performance weeks in the theater during the year. Administrative revenue and expense are allocated equally among the constituents except for contributions and grants restricted for theater improvements, depreciation of donated equipment and facilities, and certain interest income. Allocated expenses result in inter-company receivables and payables that are periodically liquidated through cash transfers.

Reclassifications Certain prior year balances have been reclassified for comparative purposes.

Footnote 2. Investments

The following is a summary of quoted market value of investments and cash equivalents as of June 30th (in thousands):

	2003	2002
Equities	\$ 83,100	\$ 84,349
Corporate bonds	7,308	300
Government bonds	8,342	14,490
Diversified hedge funds	21,717	14,272
Real estate investment trust	2,034	2,041
Cash equivalents	7,588	5,480
	\$ 130,089	\$ 120,932

Total income (loss) from investments amounted to \$10,024,000 and \$(3,817,000) in 2003 and 2002, respectively. Year-to-year variation is due to market fluctuations and the performance of the portfolio managers.

Footnote 3. Pledges receivable Pledges have been recorded at their present value net of applicable discounts of \$668,000 and \$800,000 in 2003 and 2002, respectively. No provision for uncollectible pledges has been made. Pledges specifically for City Ballet's endowment, net of applicable discounts, totaled \$5,027,000 and \$6,118,000 in 2003 and 2002, respectively. Pledges are expected to be collected as follows (in thousands):

	2003	2002
Less than one year	\$ 8,065	\$ 5,807
One to five years	953	4,050

Footnote 4. Pension Plans

City Ballet participates in a noncontributory, defined-benefit pension plan (the Plan) for nonunion, salaried employees of CCMD and its constituents. Pension benefits are based on years of service and final average compensation, as defined in the Plan. Plan benefit obligations and assets are combined for all participants of the Plan. The policy is to fund annually the required contribution necessary to comply with the Employee Retirement Income Security Act of 1974.

City Ballet's allocated net periodic pension cost for fiscal years 2003 and 2002 was \$250,000 and \$239,000, respectively. City Ballet's allocated accrued pension benefit liability at June 30, 2003 and 2002 was \$1,511,000 and \$643,000, respectively. For the year ended June 30, 2003 unrestricted net assets have been reduced by \$761,000, resulting from the recording of a minimum pension liability adjustment to increase the accrued pension benefit liability to the amount of the unfunded accumulated benefit obligation at March 31, 2003. This adjustment results from a loss in value of Plan assets during the year, together with increases in the projected obligation at March 31, 2003, which arises from a reduction in the assumed discount rate and the adoption of an updated mortality table.

Amounts are allocated to City Ballet based on a separately performed actuarial valuation of City Ballet's participation in the Plan. Separate information regarding the components of pension cost, the fair value of plan assets, and accumulated and projected benefit obligations is not available for City Ballet. Such information, along with the key actuarial assumptions, is contained in the financial statements of CCMD.

City Ballet also contributes to union pension plans directly and through CCMD, based upon a percentage of those employees' salaries. Pension costs associated with these plans paid directly by City Ballet amounted to approximately \$1,714,000 and \$1,780,000 in 2003 and 2002, respectively.

Footnote 5. Commitments

Samuel B. and David Rose Building (Rose Building):

During fiscal 1985, City Ballet entered into an agreement whereby it contributed, based on space usage, a pro rata share of the costs of the Rose Building. Under the agreement, City Ballet received a 99-year lease for its space. Construction costs were capitalized and are being amortized over the anticipated useful life of the building. Depreciation began in fiscal 1992 when the space was put into service, and amounted to \$352,000 for 2003 and 2002. Also under the terms of the lease, in addition to its own operating costs, City Ballet is committed to pay its share of common area costs.

Warehouse and telemarketing office:

During 2003 and 2002, City Ballet leased space for two warehouses and a telemarketing office. Rent expense for 2003 and 2002 was \$214,000 and \$199,000, respectively. Future minimum lease payments under these leases at June 30, 2003 are (in thousands) \$137 for 2004, \$107 for 2005, \$97 for 2006, \$102 for 2007 and \$268 for the period 2008 through 2010.

Footnote 6. Postretirement and Postemployment Benefits Other than Pensions

In 1978, CCMD adopted the policy of providing the option to certain employees with 20 years of service and who were 65 years of age upon their retirement from the Ballet or CCMD to continue in the group medical and life insurance plan, at no cost to the employee. The CCMD Board of Governors ended this policy in April 1995 for employees who had not vested in this benefit. In 1997 the CCMD Board of Governors reinstated this benefit for all active employees who had, at that date, already achieved the requisite 20 years of service. In addition, City Ballet contracts with various unions include provisions for severance payments to members after they reach a predetermined length of service. City Ballet funds both of these obligations using the pay-as-you-go method.

Net postretirement cost for the year ended June 30, 2003 and 2002, and the accumulated obligation at year-end for City Ballet employees (included in payroll-related and other liabilities) and for City Ballet's share of CCMD's employees (included in payroll-related liabilities due to CCMD), are summarized as follows (in thousands):

	2003	2002
Net Periodic post-retirement benefit cost:		
Service	\$ 4	\$ 3
Interest	41	41
Amortization of prior years' service cost	6	6
Amortization of accumulated gain	<u>3</u>	<u>3</u>
	54	53
Actual Payments	<u>(38)</u>	<u>(32)</u>
<i>Net Change</i>	16	21
Accumulated obligation		
Beginning of year	<u>507</u>	<u>486</u>
End of year	\$ 523	\$ 507

The accumulated postretirement benefit obligation was actuarially determined as of June 30, 2000 using an assumed discount rate of 7.5% and 7.25%, beginning June 30, 2001. The assumed rate of future increases in health care ranged from 6 to 10% in the first year and is expected to decline to 4% by the year 2011. Had the health-care cost-trend rate assumption been increased by 1%, the accumulated postretirement benefit obligation as of June 30, 2000 would have increased by 8.4%. The effect of this change on the sum of the service and interest cost components of net periodic postretirement benefit cost would have been an increase of 8.5%.

Footnote 7. Net asset Designations and Restrictions

City Ballet's Board has designated some of its unrestricted net assets for certain purposes as follows (in thousands):

	2003	2002
Cash/Investment reserves	\$ 9,121	\$ 7,091
Fuctioning as endowment	15,377	11,070
Touring	1,606	1,606
Repertory	<u>3,236</u>	<u>3,236</u>
	\$29,340	\$23,003

City Ballet's donors have restricted the income from some of their endowment contributions for certain purposes as follows (in thousands):

	2003	2002
Touring	\$ 2,975	\$ 2,975
Martins repertory fund	3,000	3,000
Levin Dancer	1,000	1,000
Education	808	715
Scenic design maintenance	238	212
Robbins repertory fund	35	35
Choreographic Institute	6,981	5,244
Balanchine repertory	2,285	2,285
Kirstein apprentice and loan funds	<u>215</u>	<u>215</u>
	\$ 17,537	\$ 15,681

Report of Independent Accountants

Eisner Accountants and Advisers

September 18, 2003

To the Board of Directors of New York City Ballet, Inc.

We have audited the accompanying statements of financial position of the New York City Ballet, Inc. ("City Ballet") as of June 30, 2003 and 2002 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of City Ballet's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of the New York City Ballet, Inc. as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Eisner LLP

Eisner LLP
Accountants and Advisers