

Carrying on a Tradition

In celebrating our 50th Anniversary, we paid tribute to Lincoln Kirstein and George Balanchine, who founded New York City Ballet, and in so doing gave rise to one of the world's great cultural institutions. Their vision was for a uniquely American ballet company that would draw on the academic vocabulary of classical ballet to create a new and revitalized form of dance—movement characterized by speed, athleticism, precision, and musicality.

Music as a source of creative inspiration has been a hallmark of New York City Ballet, and during the anniversary season, we presented a number of tributes to composers whose work has influenced the Company. Over the course of the season, the Company performed an unprecedented 100 different works, and in performance after performance, our incomparably talented dancers thrilled audiences in roles both new and familiar. We

also commissioned a new orchestral work from Wynton Marsalis. In keeping with our longstanding commitment to new choreography—one that began with Balanchine's belief that the act of making new work is essential to the vitality of dance as a living art form—we premiered four new ballets.

The year brought a moment of great sadness as well, as we bid farewell to Co-Founding Choreographer Jerome Robbins. That Jerry chose to make New York City Ballet his creative home for so many years was certainly of profound importance to the Company. In that time, he made more than 50 ballets for New York City Ballet. At a memorial service held here at the theater in October 1998, the Company performed *Dances at a Gathering*, a tribute to his genius and one of the many pieces that will sustain his memory.

While the 50th Anniversary season celebrated a glorious past, it also provided an opportunity to lay the groundwork for important new initiatives. These include efforts to nurture new generations of choreographers, develop vital arts educational programs, use new media, and increase opportunities for touring. As we look to the future, I want to thank our many friends and supporters for helping to make New York City Ballet one of the finest ballet companies in the world and for your continued enthusiasm.

Peter Martins—*Ballet Master in Chief*



Maria Kowroski and Jenifer Ringer
in George Balanchine's *Serenade*
© The George Balanchine Trust

Building For The Future

The success of the 50th Anniversary Celebration was a testament to the artistic excellence and technical virtuosity of New York City Ballet, with more than 200 performances of new works, revivals, and special festivals. These programs were supported by marketing initiatives that emphasized the Company's rich history and importance in the cultural life of New York, while drawing attention to its youthful energy and appeal.

Ticket sales, up nearly three percent over last year, and the continued generosity of our supporters, enabled New York City Ballet to close its fiftieth year in a solid financial position. The Company's web site, which was upgraded to provide for fully secure on-line transactions, was a principal source of new and younger patrons. Sales from out-of-town patrons also increased dramatically with the introduction of on-line ticket availability.

During the 50th Anniversary year, six members of our board of directors completed their terms of service: Eugene P. Grisanti, who was named honorary chairman for the year, Robert W. Pittman, Daniel Shapiro, Winthrop H. Smith, Jr., Edward J. Toohey, and Thorunn Wathne. We thank them for their invaluable contributions and many years of service, and for their continued commitment to the Company. Although New York City Ballet has enjoyed a record of fiscal health, we face the same challenges that confront most performing arts institutions at the start of the 21st century. We must

continue to present programming that is of the highest artistic standards in order to retain our present audience, attract new ticket-buyers, and expand our donor base. To achieve these objectives, we are committed to implementing the marketing and educational efforts and seek the broad financial support necessary to secure the Company's position as a major cultural institution.

We extend our thanks to those who helped make the 50th Anniversary Celebration such a success and whose support ensures that New York City Ballet remains a world-class institution.

Howard Solomon—*Chairman*



Miranda Weese in Peter Martins' *Swan Lake*

Season Highlights 1998-1999

The 50th Anniversary Celebration

The last year of the 20th century marked an extraordinary milestone in the history of classical dance: the 50th anniversary of New York City Ballet. It was an exceptional year—a time to reflect upon a rich history, celebrate ongoing achievements, and position the Company for continued success in the next century. As part of the 50th Anniversary Celebration, NYCB staged 100 different ballets—an unprecedented number for this or any other company—including four world premieres, one American premiere, three major revivals, and a number of special music festivals and tributes.

New York City Ballet launched the Winter Season with a spectacular Opening Night Gala performance re-creating the Company's very first program of 1948 with Balanchine's *Concerto Barocco*, *Symphony in C*, and *Orpheus*. This special evening was dedicated to one of NYCB's most acclaimed dancers, Tanaquil Le Clercq, who performed with the Company from 1948 through 1956. The evening's finale included approximately 250 other former NYCB dancers, among them Maria Tallchief, Allegra Kent, Mikhail Baryshnikov, Jacques d'Amboise, and Suzanne Farrell—joining current Company dancers on stage for a truly memorable curtain call.

Maria Kowroski, Deanna McBrearty, Dana Hanson, Jenny Blascovich
and Melissa Walters in Jerome Robbins' *Antique Epigraphs*.



The first world premiere of the year was on January 22, when New York City Ballet presented its third annual New Combinations Evening in celebration of Balanchine's birthday. For this event, Peter Martins choreographed *Walton Cello Concerto* to music by English composer William Walton. Other highlights of the Winter Season included six weeks of *George Balanchine's The Nutcracker* sponsored by Citibank, the revival of Jacques d'Amboise's *Irish Fantasy*, a one-week Balanchine Black & White Celebration, with support from the Geoffrey C. Hughes Foundation, and a one-week Jerome Robbins Celebration, sponsored by Sara Lee. Sandwiched between the Balanchine and Robbins Celebrations were six weeks of repertory representing every era of the Company's 50-year history and special tributes to different composers and nations who influenced NYCB over the years—Russia, England, France, Austria, Germany, Italy, and Poland; Stravinsky, Brahms, Ravel, Bach, and Chopin.

On April 29, the Spring Season began with the highly anticipated American premiere of Martins' new full-length version of *Swan Lake*, presented by Xerox. *Swan Lake* was televised on *Live From Lincoln Center* on May 5, and was followed with a two-week Stravinsky Festival—featuring the world premiere of Christopher Wheeldon's *Scènes de Ballet* and the revival of Lew Christensen's *Norwegian Moods*—then a one-week Tchaikovsky Festival. During the first three weeks of June, New York City Ballet presented a three-week American Music Festival featuring the revival of Eliot Feld's *The Unanswered Question* in addition to two more world premieres: *Them Twos*, choreographed by Martins to a commissioned score by Wynton Marsalis (his first ever for full orchestra); and *Duke!* choreographed by Garth Fagan, Susan Stroman, and Robert La Fosse to music by Duke Ellington. The season concluded at the end of June with seven performances of Balanchine's *A Midsummer Night's Dream*, including a free public performance on Saturday, June 26 as a special 50th Anniversary gift to the people of New York City.

Saratoga Residency and Touring

The 50th Anniversary Celebration continued during the Company's 33rd annual residency at the Saratoga Performing Arts Center during the month of July in upstate New York. In addition to performing at Saratoga Springs, the Company also marked the 50th anniversary with touring performances in California; Texas, sponsored by the Brown Foundation; and New York State in conjunction with the State University of New York.

Other Marketing Initiatives

Marketing Campaign: For the 50th Anniversary season, we presented the Company with an arresting visual identity incorporating both new and classic New York City Ballet photography. Historic photos of the different ballets were shown, along with an "icon" for the 50th anniversary season—taken from Balanchine's *Apollo*, framed by the text, "New York City Ballet: Celebrating Fifty Years." This and other icons—Balanchine, *Swan Lake*, Stravinsky, Wynton Marsalis—appeared on our brochures, newspaper advertising, billboards, city bus shelters and postcards. Because the 50th Anniversary Celebration spanned all of 1999, for the first time NYCB offered year-long subscriptions, in addition to separate Winter and Spring Season subscriptions. Over 350,000 people saw the Company perform at the New York State Theater, amounting to over \$17.5 million in ticket sales.

On-line Media: New York City Ballet is at the forefront in the use of on-line media in the arts, making ballet more accessible and easier to attend. NYCB's web site, www.nycballet.com, has increased out-of-town ticket sales four times over since the introduction of on-line ticket availability in 1998. Using a menu at the left side of the page, visitors can browse schedules, search for particular pieces, review seating and pricing, and purchase tickets through a secure system. Information about subscriptions and group orders is also provided. One of the site's most popular features is the weekly casting update. Brief biographies of the dancers, historical information about the Company and the New York State Theater, and educational programs are other aspects of the site.

Major Anniversary Events

In October of 1999, William Morrow and Company published *Tributes: Celebrating Fifty Years of New York City Ballet*, edited by Christopher Ramsey, a lavish oversized book illuminating NYCB's direct influence on writers and artists of the 20th century. Also published was the book, *Dance for a City: Fifty Years of the New York City Ballet*, edited by Lynn Garafola with Eric Foner. In conjunction with the publication of *Dance for a City*, there was a major exhibit at the New York Historical Society chronicling NYCB's history and aesthetic, which was complemented by a year long collection of exhibits at the Company's summer residence in Saratoga Springs, New York. The Public Broadcasting Service (PBS) aired a *Live from Lincoln Center* program that featured Peter Martins' full-length *Swan Lake*. In addition, the corridors of the New York State Theater were transformed into a gallery, with a special photography exhibit featuring more than 120 images showcasing 50 years of NYCB, sponsored by Kodak.

Our Commitment to Schools and the Community

During the 50th Anniversary year, New York City Ballet's education programs reached an unprecedented range of people, from preschoolers through longtime subscribers. We continued to explore ways in which to broaden interest in ballet and increase knowledge of NYCB with ongoing education programs and new outreach initiatives.



Photo © Judy Bernstein Bunzl

Through dance education programs provided to schools, New York City

Ballet strives to encourage and develop young people's creativity, to introduce dance as part of their cultural education, and to provide experiences of our unique repertory. In 1998-99, we continued the Company's two signature programs, *Ballet Bridges Elementary & Intermediate* and *The Nutcracker Project*. Together, these programs reached 3,400 public elementary and middle school students and

over 100 teachers in the New York City metropolitan area, thanks in part to support by the Barker Welfare Foundation, the Samuel & Rae Eckman Charitable Foundation, and the Henry Nias

Foundation. Additionally, the *New York City Ballet Workout High School Program* expanded during its second year to reach more than 20 schools and some 1,800 students in the city's public high schools. For participants, many of whom have no other exposure to the arts, these school programs offer an extensive introduction to the appreciation of dance and its integration of other art forms.



Ballet Bridges Elementary & Intermediate integrate dance education with the students' regular studies in various subject areas.

Photo © Judy Bernstein Bunzl

Ballet Bridges Elementary & Intermediate are comprehensive five-month curricular programs that integrate dance education with students' regular studies in various subject areas. The elementary program reaches third- through fifth-grade classes and the intermediate program reaches sixth- through eighth-grade classes in the New York City metropolitan area public schools. The programs, funded in part by the Louis Calder Foundation, the New York State Council on the Arts, and the Dreitzer Foundation, include professional development sessions and lesson plans about ballet for teachers, which educate them about the art form and guide them in including dance in their classrooms. New York City Ballet teaching artists lead movement, choreography, and production workshops for students at their schools and facilitate a culminating dance performance choreographed and presented by the students. Students also attend a lecture-demonstration (danced by advanced

students from the School of American Ballet) and a New York City Ballet student matinee repertory performance. This year students saw Jerome Robbins' *Fanfare* and *The Concert*. For the first time, the intermediate students also participated in art and architecture tours at various museums and buildings in New York City to connect their new-found knowledge of dance to the visual arts.

The Nutcracker Project is an interdisciplinary four-month curricular program that reaches fourth- and fifth-grade classes from each district in the New York City public school system. The centerpiece of the program is a free New York City Ballet student matinee performance of *George Balanchine's The Nutcracker*, funded in part by the Charles H. Leach, II Foundation. Additionally, the program includes a professional development session and lesson plans for classroom teachers to help them prepare their students for the performance and reflect upon it afterwards. Both before and after the performance, NYCB teaching artists visit each class to conduct four workshops integrating poetry, dance, music, and the visual arts. At the conclusion of the project, students' artwork is displayed and their poetry is published in an anthology.



Photo © Judy Bernstein Bunzl

New York City Ballet Workout in the Schools Program enables Dance and Physical Education teachers from New York City public high schools who have a ballet background learn to teach the *Workout*. They attend training sessions both at New York City Ballet and New York Sports Club, the two organizations that jointly developed the *Workout*, a ballet-based exercise program. These teachers then teach the *Workout* in their high school classes.

Additionally, *Workout* staff members visit participating schools to conduct master classes. Through the program, students are challenged physically while becoming familiar with both the movement and music of NYCB's repertory. This experience is reinforced by trips to Lincoln Center to observe NYCB working rehearsals and a repertory performance.

This year has seen tremendous growth in New York City Ballet's in-theater programs, as well. The number of pre-performance programs increased to 20, including 15 *Ballet Insights* for adult and young adult audiences and five *Family Matinee Insights* for children and families. Additionally, the ongoing series of *NYCB Seminars* grew to include six programs this year. Two new initiatives brought students of all ages behind-the-scenes at the New York State Theater. Four hundred fifty students from preschool through second grade and their teachers visited the theater for one-hour tours through *Backstage at the Ballet*. A theater-visit program for older students called *A Working Day at New York City Ballet* was piloted with several high school and college groups. The expanded pre-performance and seminar programs and the new theater-visit initiatives have proven very successful in sparking interest in and enthusiasm about NYCB. These programs reach out to new and potential audience members while bringing current enthusiasts closer to the Company.

Ballet Insights programs bring speakers from all areas of New York City Ballet together with audience members for 45 minute pre-performance discussions. The topic for each program illuminates some aspect of that day's performance and the presentations give audience members new "insights" to increase their appreciation of NYCB performances. An average of approximately 65 audience members attended each presentation this year. Speakers included former Principal Dancer and current Teaching Associate Merrill Ashley, Director of Costumes Holly Hynes, Principal Conductor Hugo Fiorato, Lighting Director Mark Stanley, and Soloist and Choreographer Christopher Wheeldon. Topics ranged from "Jazz and Choreography at NYCB" to "Design Elements of Peter Martins' *Swan Lake*." Generous support of *Ballet Insights* was provided by the Charles E. Culpeper Foundation.

Family Matinee Insights give audience members an inside look at New York City Ballet. Similar to *Ballet Insights* in format, these programs emphasize interactive activities for children while engaging adults as well. An average of 50 people attended each program this year. Speakers included Principal Dancer and Choreographer Robert La Fosse, Stage Manager Marquerite Mehler, and Children's Ballet Mistress Garielle Whittle. The five programs introduced children to the elements that come together in ballet performance: choreography, music, costumes, production elements, and storytelling. These programs incorporated slide presentations, demonstrations, and participation activities to bring these topics to life for children and to give them specifics to look and listen for during performances.

NYCB Seminars are in-depth discussions held on Monday evenings. Guest speakers explore topics encompassing the Company's history, artistry, and production elements to give audience members a better understanding of New York City Ballet. This year, approximately 650 people attended each *NYCB Seminar*. Speakers included Ballet Master in Chief Peter Martins; former Company dancers Suzanne Farrell, Melissa Hayden, and Arthur Mitchell; choreographers Garth Fagan and Susan Stroman; and scenic and costume designer Per Kirkeby. Topics ranged from "Dancing for George Balanchine, Jerome Robbins, and Peter Martins" to "*Duke!*: Choreographing a Ballet to a Score by Duke Ellington." Generous support from the Charles E. Culpeper Foundation helped to make *NYCB Seminars* possible.

Backstage at the Ballet introduces very young children to the art of ballet and the magic of the theater through one-hour, behind-the-scenes tours at the New York State Theater. Company volunteers and educators lead children on an interactive exploration of the fourth ring, the front orchestra section, the wings, and the stage. In addition, children watch a section of George Balanchine's *Western Symphony* on video, get an up-close look at ballet shoes and costumes, and try

on ballet headpieces. This experience gives the children an inside view of the ballet world, in preparation for performance visits when they are older. Twenty-eight school groups visited NYCB through this program during its inaugural year.

A Working Day at New York City Ballet introduces students in third grade through college to the behind-the-scenes, “working day” activities of the Company. During its pilot phase this year, the program allowed for the development of individual activities for each school group that visited, according to the interests of the school and the events going on that day. Students came to the New York State Theater for discussions with Company educators, tours of the theater and backstage area, and visits to the New York City Ballet photograph exhibit. They also observed dancers, musicians, and ballet masters at work in onstage rehearsals and examined ballet shoes and costumes. The flexibility of this new program allowed it to serve and inspire a range of students from college dance majors to elementary students new to ballet.

Student Rush Ticket Program was initiated by New York City Ballet this year to encourage the development of younger audiences. Through this program, funded in part by the William H. Kearns Foundation, high school and university students purchase \$10 “best available” tickets to selected repertory performances and can attend pre-performance *Ballet Insights* programs for free.

Volunteer and Rehearsal Services

From New York City Ballet’s earliest years, it has relied on the energy and intelligence of a dedicated group of volunteers to carry out a variety of essential functions. During the 50th Anniversary year, the Company asked more from its volunteer group than perhaps ever before. Hundreds of volunteers responded, providing more than 30,000 hours of service.

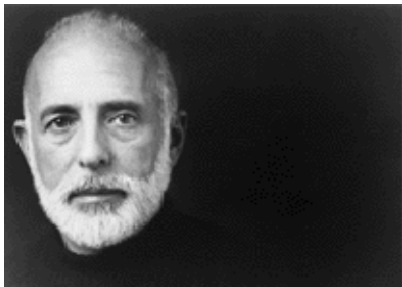
Volunteers continued their exceptional staffing of the Company’s information booths and its Gift Shop during performances. They supplied special repertory notes to subscribers, led numerous tours and rehearsal visits, assisted with student performances, and even staffed a special help-line for native Japanese language speakers. They also provided telephone and clerical assistance to nearly every department of the Company.

Many expanded programmatic elements of the 50th year would not have been possible without New York City Ballet’s committed volunteers. For Opening Night, volunteers assisted former Company dancers after the performance for an once-in-a-lifetime curtain call. At the Alumni Reunion, they welcomed dancers and helped them find long lost friends and colleagues. Volunteers also staffed NYCB Anniversary seminars and insight programs.

One important new initiative was on-line media support, where emails posing dance history questions to the Company’s website were answered promptly by a specially trained group of volunteers.

As the Company has grown, New York City Ballet’s volunteer services department has grown with it, helping to ensure its vitality now and in the future.

Remembering Jerome Robbins 1918-1998



Jerome Robbins (Frederic Ohringer).



Peter Martins speaking at Jerome Robbins' memorial.

New York City Ballet held a memorial service for Jerome Robbins, its Co-Founding Choreographer, on Monday, November 16, at 7:30 p.m., at the New York State Theater. Robbins, who died on July 29 at the age of 79, was remembered by colleagues, admirers, and friends. In tribute to Mr. Robbins, *Dances at a Gathering* was performed by the Company. In addition to Ballet Master in Chief Peter Martins, guest speakers included Jean-Pierre Frohlich, Robert La Fosse, Chita Rivera, Jennifer Tipton, Twyla Tharp, and Dr. Daniel Stern.

Statements of Financial Position

at June 30, 1999 and 1998
(in thousands)

| | 1999 | 1998 |
|---|-------------------------|------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,932 | \$ 5,151 |
| Investments | 48,802 | 42,490 |
| Pledges receivable | 9,076 | 3,009 |
| Accounts receivable | 797 | 653 |
| Inventory | 219 | 207 |
| Deferred production costs | 617 | 810 |
| Due from CCMD | 303 | 27 |
| Leasehold in Rose Building and other fixed assets, less accumulated depreciation of \$3,262 in 1999 and \$2,796 in 1998 | 8,778 | 9,196 |
| Total Assets | <u>\$ 72,524</u> | <u>\$61,543</u> |
| Liabilities and net assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 3,122 | \$ 3,071 |
| Advance ticket sales and other deferred expenses | 246 | 134 |
| Payroll related liabilities due to CCMD | 462 | 498 |
| Payroll related and other liabilities | 2,344 | 1,701 |
| Total liabilities | <u>6,174</u> | <u>5,404</u> |
| Net Assets: | | |
| Unrestricted | | |
| Undesignated | 4,552 | 3,970 |
| Investment in Rose Building | 7,446 | 7,798 |
| Board designated (see note 7) | 31,404 | 26,506 |
| | 43,402 | 38,274 |
| Temporarily restricted | | |
| Future productions | 1,502 | 1,089 |
| Time and other restrictions | 4,967 | 7,633 |
| Dancer's emergency | 504 | 454 |
| | 6,973 | 9,176 |
| Permanently restricted | | |
| Unrestricted endowments | 9,849 | 7,238 |
| Restricted endowments (see note 7) | 6,126 | 1,451 |
| Total net assets | <u>66,350</u> | <u>56,139</u> |
| Total liabilities and net assets | <u>\$72,524</u> | <u>\$61,543</u> |

Statements of Activities

For the year ended June 30, 1999 and 1998
(in thousands)

| | <u>1999</u> | <u>1998</u> |
|--|------------------------|------------------------|
| Changes in unrestricted net assets | | |
| Operating revenues: | | |
| Performance ticket sales and tour fees | \$ 21,824 | \$ 20,375 |
| Investment income not to exceed spending policy | 2,388 | 2,200 |
| Other revenues | <u>658</u> | <u>668</u> |
| Total operating revenue | <u>24,870</u> | <u>23,243</u> |
| Operating expenses: | | |
| Programming services: | | |
| Ballet production costs | 31,797 | 26,370 |
| Facility expenses | 2,981 | 3,100 |
| Production management expenses | 2,404 | 2,253 |
| | <u>37,182</u> | <u>31,723</u> |
| Supporting services: | | |
| Administration | 3,635 | 2,849 |
| Public support expense | 3,553 | 3,155 |
| Public support expense | <u>7,188</u> | <u>6,004</u> |
| Public support expense | <u>44,370</u> | <u>37,727</u> |
| Loss from operations before public support | <u>(19,500)</u> | <u>(14,484)</u> |
| Public support including utilization of temporarily restricted net assets: | | |
| Appropriation from the city of New York | 868 | 972 |
| Other governmental agencies | 625 | 442 |
| Special events support | 3,912 | 2,525 |
| Guild memberships and activities | 2,359 | 2,135 |
| Foundations | 7,261 | 5,659 |
| Corporations | 2,101 | 1,357 |
| Individuals | 3,759 | 1,852 |
| Estates and trusts | <u>742</u> | <u>547</u> |
| Total Public Support | <u>21,627</u> | <u>15,506</u> |
| Operating Surplus | 2,127 | 1,022 |
| Investment income in excess of spending policy | <u>3,001</u> | <u>2,217</u> |
| Increase in unrestricted net assets | \$ 5,128 | \$ 3,239 |

Changes in temporarily restricted net assets

| | | |
|--|-----------------------|---------------------|
| Investment income | \$ - | \$ 26 |
| Public support: | | |
| City Support | | 40 |
| Other government | 139 | 372 |
| Special events support | 20 | |
| Foundations | 4,623 | 6,032 |
| Corporations | 1,248 | 707 |
| Individuals | 187 | 254 |
| Estates and trusts | 21 | 50 |
| Utilization of temporarily restricted net assets | (8,387) | (6,101) |
| Change in value of split-interest arrangements | <u>(54)</u> | <u>295</u> |
| Increase in temporarily restricted net assets | <u>(2,203)</u> | <u>1,675</u> |

Changes in permanently restricted net assets

| | | |
|--|---------------------|---------------------|
| Public support | | |
| Foundations | 1,925 | 1,300 |
| Individuals | <u>5,361</u> | <u>2</u> |
| Increase in permanently restricted net assets | <u>7,286</u> | <u>1,302</u> |

Changes in total net assets

| | | |
|--------------------|-------------------------|-------------------------|
| Net assets | | |
| Beginning of year | <u>56,139</u> | <u>49,923</u> |
| End of year | <u>\$ 66,350</u> | <u>\$ 56,139</u> |

Statements of Cash Flows

| | <u>1999</u> | <u>1998</u> |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Change in net assets: | | |
| Unrestricted | \$ 5,128 | \$ 3,239 |
| Temporarily restricted | (2,203) | 1,675 |
| Permanently restricted | <u>7,286</u> | <u>1,302</u> |
| | 10,211 | 6,216 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Deprecation | 466 | 481 |
| Contributions restricted for long-term activities | (7,286) | (1,302) |
| Net gains on investment | (2,562) | (2,404) |
| (Increases) decreases in assets: | | |
| Pledges receivable | (6,067) | (795) |
| Accounts receivable | (144) | (375) |
| Inventory | (12) | 6 |
| Deferred production costs | 193 | (307) |
| Due from CCMD | (276) | 247 |
| Increases (decreases) in liabilities: | | |
| Accounts payable and accrued expenses | 51 | (835) |
| Advance ticket sales | 112 | (186) |
| Payroll related liabilities due to CCMD | (36) | (29) |
| Payroll related and other liabilities | <u>643</u> | <u>(63)</u> |
| Net cash (used in) provided by operating activities | <u>(4,707)</u> | <u>654</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 40,665 | 61,195 |
| Purchase of investments | (44,415) | (69,801) |
| Fixed asset purchases | <u>(48)</u> | <u>(29)</u> |
| Net cash used in investing activities | <u>(3,798)</u> | <u>(8,635)</u> |
| Cash flows from financing activities | | |
| Endowment contributions | 7,286 | 1,302 |
| Payments of note payable | <u>—</u> | <u>(535)</u> |
| Net cash provided by financing activities | <u>7,286</u> | <u>767</u> |
| Net decrease in cash and cash equivalents | <u>(1,219)</u> | <u>(7,214)</u> |
| Cash and cash equivalents | | |
| Beginning of year | <u>5,151</u> | <u>12,365</u> |
| End of year | <u>\$ 3,932</u> | <u>\$ 5,151</u> |
| Cash paid for interest | <u>\$ -</u> | <u>\$ 12</u> |

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) and has been classified as a publicly supported organization as defined in §509(a)(2) of the Internal Revenue 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 generally accepted accounting principles 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. Certain prior year balances have been reclassified for comparative purposes.

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

Fixed assets City Ballet does not own any land or buildings. Purchases of furniture and equipment that are not material are charged to current operations. Significant fixed asset additions are capitalized and are depreciated using the straight-line method over the estimated useful lives of the assets.

Investments Investments are stated at market value. Donated securities are initially recorded at market value on 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 1999 and 1998) of a moving average of quarterly market values of its investment portfolio. In years when current investment income exceeds this amount, the excess amount is shown as "Investment income in excess of spending policy" in the Statement of Activities and added to "Unrestricted net assets functioning as endowment".

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 a 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 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 intercompany receivables and payables that are periodically liquidated through cash transfers.

Footnote 2. Investments

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

| | 1999 | 1998 |
|------------------|------------------|------------------|
| Equities | \$ 33,952 | \$ 28,249 |
| Corporate bonds | 300 | 1,985 |
| Government bonds | 14,550 | 12,256 |
| Cash equivalents | 4,248 | 4,793 |
| | \$ 53,050 | \$ 47,283 |

Total income from investments amounted to \$5,390,000 and \$4,443,000 in 1999 and 1998 respectively.

Footnote 3. Pledges receivable

Pledges have been recorded at their present value net of applicable discounts of \$373,000 and \$95,000 in 1999 and 1998, respectively. No provision for uncollectible pledges has been made. Pledges specifically for the Ballet's endowment, net of applicable discounts, totaled \$6,036,000 in 1999. Pledges are expected to be collected as follows (in thousands):

| | 1999 | 1998 |
|--------------------|-------------|-------------|
| Less than one year | \$ 5,677 | \$ 1,375 |
| One to five years | 2,790 | 880 |
| Over five years | 609 | 754 |

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 annually fund the required contribution necessary to comply with the Employee Retirement Income Security Act of 1974.

City Ballet's allocated net periodic pension cost was \$35,000 and \$8,000 for 1999 and 1998, respectively. City Ballet's allocated accrued pension cost at June 30, 1999 and 1998 was \$390,000 and \$355,000, respectively. 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 based upon a percentage of employee salaries. Pension costs associated with these plans amounted to \$1,524,000 and \$1,319,000 in 1999 and 1998, 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. As of June 30, 1996, the related amount expended by City Ballet or on its behalf amounted to \$11.0 million. 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 1999 and 1998. 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 1999 and 1998, City Ballet leased space for a warehouse and a tele-marketing office. Rent expense for 1999 and 1998 was \$62,000 and \$51,000, respectively. Future minimum lease payments under these leases totaled \$15,000 at June 30, 1999. Existing lease commitments expire in 2001.

Footnote 6. Post-retirement and Post-employment 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 post-retirement cost for the year ended June 30, 1999 and 1998, and the accumulated obligation at year end for 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):

| | 1999 | 1998 |
|--|-------------|-------------|
| Net Periodic post-retirement benefit cost: | | |
| Service | \$ 2 | \$ 2 |
| Interest | 28 | 28 |
| Amortization of prior years' service cost | 6 | 6 |
| Amortization of accumulated gain | <u>(7)</u> | <u>(7)</u> |
| | 29 | 29 |
| Actual Payments | <u>(28)</u> | <u>(33)</u> |
| <i>Net Change</i> | 1 | (4) |
| Accumulated obligation | | |
| Beginning of year | <u>448</u> | <u>452</u> |
| End of year | 449 | 448 |

The accumulated post-retirement benefit obligation was last actuarially determined as of June 30, 1998, using an assumed discount rate of 7.5%. 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 post-retirement benefit obligation as of June 30, 1998, would have increased by 8%. The effect of this change on the sum of the service and interest cost

components of net periodic post-retirement benefit cost would have been an increase of 8%.

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):

| | 1999 | 1998 |
|--------------------------|-----------------|-----------------|
| Cash/Investment reserves | \$ 7,091 | \$ 6,800 |
| Fuctioning as endowment | 19,471 | 16,470 |
| Touring | 1,606 | - |
| Repertory | <u>3,236</u> | <u>3,236</u> |
| | \$31,404 | \$26,506 |

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

| | 1999 | 1998 |
|------------------------------------|-----------------|-----------------|
| Touring | \$ 2,975 | \$ 1,300 |
| Martins repertory fund | 3,000 | - |
| Kirstein apprentice and loan funds | <u>151</u> | <u>151</u> |
| | \$ 6,126 | \$ 1,451 |

Report Of Independent Accountants

September 30, 1999

To the Board of Directors of New York City Ballet, Inc. We have audited the accompanying statements of financial position of New York City Ballet, Inc. ("the Ballet") as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the 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 generally accepted auditing standards. Those standards require that we plan and perform the audits 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 New York City Ballet, Inc. as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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