KPMG

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Financial Statements

June 30, 2023 and 2022

(With Independent Auditors’ Report Thereon)

KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Directors
New Jersey Performing Arts Center Corporation:

Opinion

We have audited the consolidated financial statements of New Jersey Performing Arts Center Corporation (NJPAC), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NJPAC as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NJPAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NJPAC's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Short Hills, New Jersey
October 31, 2023

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Balance Sheets

June 30, 2023 and 2022

Assets		2023	2022
Cash and cash equivalents	$	30,742,938	17,613,360
Accounts receivable, net of allowance for doubtful accounts of $79,620 in 2023 and $80,022 in 2022		3,948,418	5,356,573
Contributions and grants receivable, net (notes 4 and 6)		31,025,657	25,138,797
Prepaid expenses and other assets		3,080,155	2,279,174
Investments (note 3)		112,998,467	104,988,394
Property and equipment, net (note 5)		101,108,448	99,760,039
Total assets	$	282,904,083	255,136,337
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	5,560,899	3,641,022
Advance ticket sales and other deferred revenue		4,172,298	2,880,636
Loans payable (note 6)		3,239,090	2,947,393
Advance on conditional grant (note 10)		12,939,089	8,769,152
Other liabilities (notes 2, 6, and 7)		665,149	470,973
Total liabilities		26,576,525	18,709,176
Commitments and contingencies (notes 3 and 7)			
Net assets:			
Without donor restrictions:			
Designated for special purposes, including net investment in property and equipment		114,334,551	107,491,188
Operations		—	—
Total net assets without donor restrictions		114,334,551	107,491,188
With donor restrictions:			
Time or purpose restricted (note 8)		39,784,137	29,498,333
Endowment fund corpus (note 8)		102,208,870	99,437,640
Total net assets with donor restrictions		141,993,007	128,935,973
Total net assets		256,327,558	236,427,161
Total liabilities and net assets	$	282,904,083	255,136,337

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Activities

Year ended June 30, 2023

	Without donor restrictions				
	Operations	Designated for special purposes	Total	With donor restrictions	Total
Operating expenses:					
Performance and performance related	$ 33,223,347	1,762,841	34,986,188	—	34,986,188
Arts education	4,267,492	324,484	4,591,976	—	4,591,976
Theater operations	10,627,514	1,924,107	12,551,621	—	12,551,621
Public affairs	4,178,442	98,226	4,276,668	—	4,276,668
Real estate	—	1,921,660	1,921,660	—	1,921,660
General and administrative	5,700,546	136,523	5,837,069	—	5,837,069
Development	2,508,862	356,891	2,865,753	—	2,865,753
Total operating expenses	60,506,203	6,524,732	67,030,935	—	67,030,935
Operating revenue and other support:					
Earned revenue and gains:					
Performance and performance related	31,507,481	—	31,507,481	—	31,507,481
Arts education	338,384	—	338,384	—	338,384
Investment income, net (note 3)	5,317,406	140,185	5,457,591	5,316,617	10,774,208
Other business income	6,971,211	1,018,417	7,989,628	—	7,989,628
Total earned revenue and gains	44,134,482	1,158,602	45,293,084	5,316,617	50,609,701
Net contributed revenue:					
Contributions, net (notes 4 and 6)	6,452,882	3,134,627	9,587,509	12,734,998	22,322,507
Special events, net of expenses of $1,023,713	1,475,001	—	1,475,001	24,500	1,499,501
Government grants (note 4)	5,895,094	6,101,518	11,996,612	483,803	12,480,415
Net assets released from donor restrictions	5,502,884	—	5,502,884	(5,502,884)	—
Total net contributed revenue	19,325,861	9,236,145	28,562,006	7,740,417	36,302,423
Total operating revenue and other support	63,460,343	10,394,747	73,855,090	13,057,034	86,912,124
Nonoperating activities:					
Transfers to cover certain property and equipment activity	(232,833)	232,833	—	—	—
Transfer to Special Purpose Fund	422,397	(422,397)	—	—	—
Transfer to reserve funds	(3,162,912)	3,162,912	—	—	—
Change in fair value of interest rate swap (note 6)	19,208	—	19,208	—	19,208
Total nonoperating activities	(2,954,140)	2,973,348	19,208	—	19,208
Increase in net assets	—	6,843,363	6,843,363	13,057,034	19,900,397
Net assets at beginning of year	—	107,491,188	107,491,188	128,935,973	236,427,161
Net assets at end of year	$ —	114,334,551	114,334,551	141,993,007	256,327,558

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Activities

Year ended June 30, 2022

	Without donor restrictions				
	Operations	Designated for special purposes	Total	With donor restrictions	Total
Operating expenses:					
Performance and performance related	$ 16,620,084	1,765,383	18,385,467	—	18,385,467
Arts education	3,553,094	355,743	3,908,837	—	3,908,837
Theater operations	8,836,909	1,938,038	10,774,947	—	10,774,947
Public affairs	2,792,725	173,689	2,966,414	—	2,966,414
Real estate	—	3,086,580	3,086,580	—	3,086,580
General and administrative	5,620,351	127,392	5,747,743	—	5,747,743
Development	2,195,596	369,102	2,564,698	—	2,564,698
Total operating expenses	39,618,759	7,815,927	47,434,686	—	47,434,686
Operating revenue and other support:					
Earned revenue and gains:					
Performance and performance related	17,092,504	—	17,092,504	—	17,092,504
Arts education	35,798	—	35,798	—	35,798
Investment income, net (note 3)	4,886,000	—	4,886,000	(17,953,666)	(13,067,666)
Other business income	7,752,176	4,810,159	12,562,335	—	12,562,335
Total earned revenue and gains	29,766,478	4,810,159	34,576,637	(17,953,666)	16,622,971
Net contributed revenue:					
Contributions, net (notes 4 and 6)	2,615,992	1,835,000	4,450,992	4,958,876	9,409,868
Special events, net of expenses of $206,276	1,972,142	—	1,972,142	—	1,972,142
Government grants (note 4)	12,411,252	888,790	13,300,042	—	13,300,042
Net assets released from donor restrictions	6,593,242	668,407	7,261,649	(7,261,649)	—
Total net contributed revenue	23,592,628	3,392,197	26,984,825	(2,302,773)	24,682,052
Total operating revenue and other support	53,359,106	8,202,356	61,561,462	(20,256,439)	41,305,023
Nonoperating activities:					
Transfers to cover certain property and equipment activity	(3,749,391)	3,749,391	—	—	—
Transfer to Special Purpose Fund	(1,090,000)	1,090,000	—	—	—
Transfer to reserve funds	(9,114,319)	9,114,319	—	—	—
Change in fair value of interest rate swap (note 6)	213,363	—	213,363	—	213,363
Total nonoperating activities	(13,740,347)	13,953,710	213,363	—	213,363
Increase (decrease) in net assets	—	14,340,139	14,340,139	(20,256,439)	(5,916,300)
Net assets at beginning of year	—	93,151,049	93,151,049	149,192,412	242,343,461
Net assets at end of year	$ —	107,491,188	107,491,188	128,935,973	236,427,161

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2023
(with comparative totals for 2022)

	Performance and performance related	Arts education	Theater operations	Public affairs	Real estate	General and administrative	Development	Total expenses 2023	Total expenses 2022
Salaries	$ 3,443,047	2,453,487	3,027,152	2,597,841	—	3,237,027	1,387,669	16,146,223	13,796,364
Benefits	892,796	447,856	1,171,625	507,599	—	573,494	257,254	3,850,624	3,026,828
Fees	18,685,965	726,523	28,281	703,667	—	774,723	89,999	21,009,158	9,263,542
Promotion expenses	3,384,301	132,169	10,582	54,595	—	18,326	146,712	3,746,685	2,569,193
Utilities and maintenance	893,402	89,188	2,092,949	121,496	—	14,855	4,353	3,216,243	2,728,314
Travel, conferences, and publications	881,524	176,737	149,957	114,223	—	194,365	85,698	1,602,504	939,211
Printing and reproduction	3,818	10,844	11,864	17,368	—	1,733	163,017	208,644	107,454
Office and building supplies	52,720	143,173	203,684	44,731	—	76,034	13,633	533,975	318,151
Telecommunications	360	—	1,519	—	—	226,664	360	228,903	219,394
Insurance	49,210	1,309	710,818	—	—	1,729	—	763,066	677,338
Production expense	3,495,374	50,263	230,173	7,651	—	17,997	230	3,801,688	1,200,621
Credit card and ticket processing	6,055	55	1,098,785	375	—	502	33,489	1,139,261	721,060
Interest expense	1,950	237	345	59	—	61	—	2,652	103,203
Parking and lease-related expenses	1,097,084	—	1,771,177	—	—	—	—	2,868,261	2,239,103
Provision for doubtful accounts	—	—	—	—	—	—	80,000	80,000	186,735
Miscellaneous	335,741	35,651	118,603	8,837	—	563,036	246,448	1,308,316	1,522,248
	33,223,347	4,267,492	10,627,514	4,178,442	—	5,700,546	2,508,862	60,506,203	39,618,759
Special purpose activities:									
Depreciation	1,762,841	324,484	1,924,107	98,226	—	93,159	73,670	4,276,487	4,349,191
Salaries and benefits	—	—	—	—	373,529	—	199,221	572,750	659,901
Professional fees	—	—	—	—	1,425,687	—	84,000	1,509,687	2,559,988
Other	—	—	—	—	122,444	43,364	—	165,808	246,847
	$ 34,986,188	4,591,976	12,551,621	4,276,668	1,921,660	5,837,069	2,865,753	67,030,935	47,434,686
Special events expenses								1,023,713	206,276
Total expenses								$ 68,054,648	47,640,962

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2022

	Performance and performance related	Arts education	Theater operations	Public affairs	Real estate	General and administrative	Development	Total expenses 2022
Salaries	$ 2,698,069	2,082,364	2,587,725	1,598,331	—	3,604,498	1,225,377	13,796,364
Benefits	712,458	368,167	1,039,975	319,580	—	358,570	228,078	3,026,828
Fees	6,908,343	689,901	57,794	617,306	—	816,394	173,804	9,263,542
Promotion expenses	2,201,709	126,861	12,000	63,588	—	18,253	146,782	2,569,193
Utilities and maintenance	739,655	39,056	1,848,093	91,046	—	9,660	804	2,728,314
Travel, conferences, and publications	505,038	87,018	71,911	44,281	—	168,971	61,992	939,211
Printing and reproduction	1,059	884	8,747	16,757	—	12,194	67,813	107,454
Office and building supplies	18,707	73,427	160,997	27,859	—	33,486	3,675	318,151
Telecommunications	360	—	8,020	75	—	210,939	—	219,394
Insurance	42,686	275	634,377	—	—	—	—	677,338
Production expense	986,143	32,030	167,618	490	—	13,910	430	1,200,621
Credit card and ticket processing	7,952	(110)	685,365	15	—	52	27,786	721,060
Interest expense	78,868	4,655	13,728	2,342	—	1,854	1,756	103,203
Parking and lease-related expenses	774,596	—	1,464,507	—	—	—	—	2,239,103
Provision for doubtful accounts	—	—	—	—	—	—	186,735	186,735
Miscellaneous	944,441	48,566	76,052	11,055	—	371,570	70,564	1,522,248
	16,620,084	3,553,094	8,836,909	2,792,725	—	5,620,351	2,195,596	39,618,759
Special purpose activities:								
Depreciation	1,765,383	355,743	1,861,709	173,689	—	98,937	93,730	4,349,191
Salaries and benefits	—	—	—	—	454,529	—	205,372	659,901
Professional fees	—	—	—	—	2,489,988	—	70,000	2,559,988
Other	—	—	76,329	—	142,063	28,455	—	246,847
	$ 18,385,467	3,908,837	10,774,947	2,966,414	3,086,580	5,747,743	2,564,698	47,434,686
Special events expenses								206,276
Total expenses								$ 47,640,962

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Increase (decrease) in net assets	$	19,900,397	(5,916,300)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation		4,276,487	4,349,191
Provision for doubtful accounts		80,000	186,735
Change in asset retirement obligation		8,280	8,039
Amortization of fixed rent		(317,784)	(317,784)
Net realized and unrealized investment (gains) loss		(9,079,459)	13,680,064
Change in fair value of interest rate swap		(19,208)	(181,419)
Contributions and investment income for endowment		(2,771,230)	79,239
Contributions for capital		(1,809,223)	(1,715,622)
Loan forgiveness		—	(5,418,010)
Changes in operating assets and liabilities:			
Accounts receivable		1,645,939	(2,940,583)
Contributions and grants receivable		(5,722,809)	(685,613)
Prepaid expenses and other assets		(800,981)	314,357
Accounts payable and accrued expenses		1,919,877	179,191
Advance ticket sales and other deferred revenue		1,291,662	645,733
Advance on conditional grant		4,169,937	1,240,760
Other liabilities		275,575	(278,633)
Net cash provided by operating activities		13,047,460	3,229,345
Cash flows from investing activities:			
Investment in property and equipment		(5,624,896)	(1,777,621)
Proceeds from sales of investments		17,985,487	49,862,814
Purchases of investments		(16,916,101)	(51,331,641)
Net cash used in investing activities		(4,555,510)	(3,246,448)
Cash flows from financing activities:			
Repayment of loans		(329,767)	(3,598,625)
Proceeds from loans		621,464	1,201,367
Swap termination proceeds		—	31,950
Repayment of capital lease		(70,471)	(119,301)
Cash received for endowment		2,607,179	5,792,444
Cash received for capital		1,809,223	1,715,622
Net cash provided by financing activities		4,637,628	5,023,457
Net increase in cash and cash equivalents		13,129,578	5,006,354
Cash and cash equivalents at beginning of year		17,613,360	12,607,006
Cash and cash equivalents at end of year	$	30,742,938	17,613,360
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$	2,706	146,063

See accompanying notes to consolidated financial statements.

(1) Organization

New Jersey Performing Arts Center Corporation (NJPAC) is a not-for-profit corporation organized under the laws of the State of New Jersey and is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. NJPAC's mission is the following: The New Jersey Performing Arts Center, by celebrating diversity, shall be America's foremost presenter of arts and entertainment, a creative and effective leader in arts education for children, a convener of useful and enlightening civic engagement events, and catalyst in the economic development of its home city of Newark.

To achieve its mission, NJPAC performs the following activities:

Performances – NJPAC produces and presents a wide array of artistic programs at NJPAC's facilities and at other facilities in the community, which include orchestra, recital, dance, jazz, spoken word, civic engagement, and a variety of performances by local, national, and international artists targeted at a diverse audience base.

Arts education – NJPAC conducts in-school, on-site, virtual, and community-based programs and performances dedicated to children, parents, and educators. Such programs include in-school residency training in dance, theater, and music; arts training; performances for schools and families; and professional development workshops.

Theater operations – NJPAC provides services for the management, operation, and maintenance of NJPAC, parking facilities, and Theater Square.

Public affairs – NJPAC keeps the public and the media fully informed about NJPAC's programs, events, and educational activities.

Real estate activities – NJPAC works with local and state entities, as well as with the real estate development community, to develop and implement plans to enliven and enhance downtown Newark.

Included in the accompanying consolidated financial statements of NJPAC are the financial statements of a separate but affiliated corporation, The Arts Education Endowment Fund in Honor of Raymond G. Chambers (the Fund). The Fund is also a not-for-profit and a Section 501(c)(3) tax-exempt corporation. The Fund's Board of Directors is identical to that of NJPAC. In accordance with the terms of the Fund, interest and investment income earned on the Fund's assets are to be transferred to NJPAC to partially support NJPAC's arts education programs.

Also included in the accompanying consolidated financial statements of NJPAC are the financial information of the following limited liability companies, for which NJPAC is the sole member of these companies and they are treated as disregarded entities for federal tax purposes:

- Theatre Square Development Company, LLC (TSDC). The purpose of TSDC is to provide services and support relating to the development and operation of real estate owned or leased by NJPAC in furtherance of NJPAC's charitable purposes. Theatre Square Development Company, LLC (TSDC) incurred expenses totaling $1,695,332 and $2,655,413 during 2023 and 2022, respectively.
- Hip Hop Nutcracker Tour, LLC (HHNT). The purpose of HHNT is to produce and present touring performances of The Hip Hop Nutcracker. The Hip Hop Nutcracker Tour, LLC (HHNT) incurred expenses totaling $1,315,276 and $633,131 during 2023 and 2022, respectively.

- NJ Media Production Stages, NJ Media Production Studios, NJ Media Production Holdings, and NJ Media Production Management. These four interrelated LLCs were created for the purpose of leasing television production studio space and providing related services to television production companies. NJ Media Production Studios incurred expenses totaling $261,412 and $451,583 during 2023 and 2022, respectively. There has been no activity in the other three LLCs to date.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

These consolidated financial statements are presented on the ac;crual basis of accounting. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NJPAC and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations, which include net assets that require the passage of time, the occurrence of a specified event, or are maintained permanently (endowment fund corpus net assets). Endowment fund corpus net assets permit NJPAC to use or expend part or all of the income derived from the donated assets for general or specific purposes in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Accordingly, NJPAC records gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from donor restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Donor-restricted contributions that are received and released from restriction in the same fiscal year are recorded as revenue without donor restrictions. Conditional contributions are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The consolidated statements of activities distinguish between operating and special purpose activities. Special purpose activities are the building-related activities that include depreciation, interest, other expenses, support related to capital projects, the Innovation Fund (note 4), the Strategic Reserve Fund (note 4), and Theater Square Development Company, LLC.

(b) Cash and Cash Equivalents

NJPAC considers all highly liquid investments purchased with original maturities of three months or less that are to be used for operating purposes to be cash equivalents. Cash equivalents may consist of certificates of deposits, money market funds, and investments in obligations of the U.S. Government and its agencies.

(c) Investments

NJPAC's investments in fixed-income securities, equity funds, and equity securities are reported at fair value based on quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Alternative investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. NJPAC's investments in alternative investments are stated, as a practical expedient, at the net asset value (NAV), as provided by the investment manager and evaluated for reasonableness by NJPAC's management.

(d) Capital Acquisitions and Depreciation

Expenditures for property and equipment are capitalized at cost, when purchased or constructed, and are capitalized at fair value when contributed. Depreciation is computed using the straight-line method over the shorter of estimated useful lives or the term of the lease of the related assets.

Land under capital lease	98 years
Theater building	50 years
Parking garage	50 years
Other building	30 years
Furniture, fixtures, and improvements	5 to 10 years

(e) Conditional Asset Retirement Obligations

Conditional asset retirement obligations are to be recognized if a legal obligation exists to perform asset retirement activities and a reasonable estimate of the fair value of the obligation can be made. Remediation took place during the years ended June 30, 2023 and 2022 in the amount of $26,295 and $258,677, respectively. The conditional asset retirement obligation included in other liabilities is $455,689 and $473,704 at June 30, 2023 and 2022, respectively, which has been adjusted for the accretion of the discount.

(f) Ticket Sales

Ticket sales are recognized as performance and performance related revenue on a specific performance basis. Advance ticket sales for the receipt of payment for future performances are reported in advance ticket sales and other deferred revenue in the consolidated balance sheets. Such amounts were approximately $3.2 million and $1.6 million in 2023 and 2022, respectively, and will be recognized as revenue in the subsequent period.

(g) Derivative Instruments

Derivative financial instruments are employed to manage risks. NJPAC has entered into interest rate swap agreements to manage its exposure to interest rate changes. NJPAC recognizes all derivative instruments in the consolidated balance sheets at fair value. Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments. These inputs fall within Level 2 of the fair value hierarchy. Changes in the fair value of derivatives are recognized within changes in net assets without donor restrictions in the consolidated statements of activities.

(h) Contributions

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions, if necessary) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted, if necessary. Amortization of the discounts is recorded as additional contributions revenue. The discount rate used for contributions received during the years ended June 30, 2023 and 2022 was 3.89% and 1.61%, respectively. Amortization of the discount is included in contributions revenue.

(i) Contributed Goods and Services

Volunteers and other companies and organizations have donated significant amounts of their time and services in support of NJPAC's operations. Only those amounts for which an objective basis is available to measure the value of such services, and which meet certain criteria are reflected in the accompanying consolidated financial statements. Contributed goods and services, which include advertising, piano rental, airfare and legal professional services in the amount of $182,508 and $277,336 for the years ended June 30, 2023, and 2022, respectively, are recorded as contributions revenue and asset or expense in the accompanying consolidated financial statements.

(j) Other Business Income

Other business income consists of food services commission, merchandise sales commission, reimbursement of special event costs, nonperformance parking and facilities rentals for which revenue is recognized when the space is utilized, other nonrecurring miscellaneous revenues, and ground lease rental income, which is recorded on a straight-line basis.

(k) Fair Value Hierarchy

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

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices or published net asset values in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

(l) Advertising Expenses

Advertising expenses related to future performances are expensed as incurred. Advertising expenses amount to approximately $2,341,000 and $1,474,000 in 2023 and 2022, respectively.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the valuation of alternative investments, the reserves for uncollectible contributions, grants and accounts receivable, the present value of multi-year contributions receivables, liabilities for conditional asset retirement obligations, and the allocation of functional expenses. Management reviews the assumptions each year to determine the reasonableness of these estimates.

(n) Tax Status

NJPAC is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. NJPAC has been classified as a public charity under Section 509(a) of the Internal Revenue Code.

Certain transactions could be deemed unrelated business income and would result in a tax liability. Management reviews such transactions to estimate potential tax liabilities using a threshold of more likely than not. Management estimates that there are no material tax liabilities that need to be recorded on June 30, 2023, or 2022.

(o) Functional Classification of Expenses

NJPAC allocates expenses to its functional areas based on time, effort, and usage.

(p) Newly Adopted Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) *2016-02, Leases* (Topic 842), in February 2016. *ASU No. 2016-02* requires an entity to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): *Targeted Improvements*, which provides an alternative transition method of adoption, permitting the recognition of a cumulative-effect adjustment to retained earnings on the date of adoption in lieu of retrospective adoption. In November 2021, the FASB issued ASU 2021-09, Leases (Topic 842): *Discount Rate for Lessees That Are Not Public Entities*, which allows nonpublic entities to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose the asset classes for which it has elected to apply a risk-free rate. The amendments further require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee uses that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. NJPAC adopted these provisions as of July 1, 2022, using a modified retrospective transition approach, as permitted. The adoption of the provisions did not materially affect NJPAC's consolidated financial statements.

(3) Investments

Overall Investment Objective

The overall investment objective of NJPAC is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. NJPAC diversifies its investments among various asset classes incorporating multiple strategies and managers and has limits on the amount of credit exposure to any one entity. Investment decisions are authorized by the Board's Investment Committee, which oversees NJPAC's investment program in accordance with established guidelines.

The following tables summarize NJPAC's investments by major category in the fair value hierarchy as of June 30, 2023 and 2022:

	June 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash equivalents	$ 9,967,723	9,967,723	—	—
Redemption receivable	5,200,000	5,200,000	—	—
Mutual funds and stocks:				
Common Stock – US	12,039,949	12,039,949	—	—
Mutual funds	60,654,027	60,654,027	—	—
Total	87,861,699	$ 87,861,699	—	—
Alternative investment funds reported at net asset value:				
Hedged strategies (a)	13,859,492			
Private equity (b)	9,268,198			
Commingled trust (c)	2,009,078			
Total	25,136,768			
Total investments	$ 112,998,467			

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	$ 11,629,082	11,629,082	—	—
Mutual funds and stocks:				
Common Stock – US	10,064,552	10,064,552	—	—
Common Stock – International	7,037	7,037	—	—
Mutual funds	58,621,174	58,621,174	—	—
Total	80,321,845	$ 80,321,845	—	—
Alternative investment funds reported at net asset value:				
Hedged strategies (a)	13,164,223			
Private equity (b)	9,645,721			
Commingled trust (c)	1,856,605			
Total	24,666,549			
Total investments	$ 104,988,394			

(a) NJPAC's alternative investments in four hedged strategy funds amounted to $13,859,492 at June 30, 2023 and $13,164,223 at June 30, 2022. These include $13,728 in 2023 and $22,451 in 2022 which were invested in special situation accounts. Special situation accounts generally are not available for redemption until the respective investments are liquidated. The other hedged strategy funds of $13,845,764 in 2023 have no redemption restrictions and may be redeemed quarterly with 30 day notice. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly.

(b) NJPAC's alternative investment funds in private equity of $9,268,198 and $9,645,721 at June 30, 2023 and 2022, respectively, were made through nine limited partnerships in 2023 and nine limited partnerships in 2022. Certain partnerships have limited existence and provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions or other factors, managers may extend the terms of the partnerships beyond their originally anticipated existence or may wind it down prematurely. NJPAC cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur, they could reduce liquidity or originally anticipated investment returns. The timing and amount of future capital or income distributions of funds are up to the discretion of the fund manager. In other partnerships, NJPAC may request redemptions of all or a portion of its shares on a monthly basis with seven days written notice. Private equity funds employ buyout and venture capital strategies and focus on investments in turn-around situations. Other strategies may require the estimation of fair values by the fund managers in the absence of readily determinable market values. As of June 30, 2023, NJPAC has potential future capital call commitments of approximately $6,427,989 to these private equity funds.

(c) NJPAC's investment in one commingled trust fund amounted to $2,009,078 and $1,856,605 at June 30, 2023 and 2022, respectively. The fund invests primarily in long-term investments in international equities and offers monthly redemptions with 30 day notice.

The following summarizes investment income (loss) components for the years ended June 30, 2023 and 2022:

		2023	2022
Investment income (loss), net:			
Interest and dividends	$	1,694,749	612,398
Net realized gains		2,250,760	5,116,624
Net unrealized gains (losses) in fair value of investments		6,828,699	(18,796,688)
Investment income (loss)	$	10,774,208	(13,067,666)

(4) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2023 and 2022 are scheduled to be collected as follows:

		2023	2022
Amounts due in:			
One year	$	11,031,544	8,387,787
Two to five years		16,216,000	12,055,314
More than five years		4,922,563	5,598,643
Total contributions and grants receivable		32,170,107	26,041,744
Less:			
Adjustment to reflect contributions and grants receivable at discounted value .47% to 3.89%		1,144,450	902,947
Contributions and grants receivable, net	$	31,025,657	25,138,797

During the year, NJPAC received $12.5 million in State and Federal contributions, of which $6.9 million was to provide pandemic-related support for losses sustained as the result of COVID-19. Pandemic contributions were received from the County of Essex and the New Jersey Departments of Community Affairs. Another $5.5 million of State funding was designated for general operations, capital projects, and the state-wide "North-to-Shore" concert series.

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In total, the New Jersey State Council on the Arts awarded NJPAC grants of $1,330,000 for fiscal year 2023 for general operating support. The New Jersey State Council on the Arts awarded NJPAC grants of $1,834,000 for fiscal year 2022 which included $1,330,000 for general operating support and $504,000 to address costs related to COVID-19. Grant receivables of $357,500 for these awards are included in contributions and grants receivable in the accompanying consolidated balance sheets at June 30, 2023.

The New Jersey Cultural Trust (The Trust) was created in July 2000 to provide funding to qualified organizations for certain purposes. In January 2002, NJPAC was designated a qualified organization by The Trust, making NJPAC eligible for The Trust's 20% match of certain endowment gifts. The Trust awarded a total matching gift of $3,915,000 to NJPAC. At June 30, 2023 and 2022, contributions receivable from The Trust was $756,641 and $900,641, respectively. Management anticipates that the contributions receivable will be paid in the future, and therefore, it is reflected in the consolidated financial statements at discounted present value. The matching gifts from The Trust were based on certified private donations to NJPAC's endowment. These certified donations totaling $19,575,000, as well as The Trust's matching amount of $3,158,360, are held and managed by NJPAC and recorded as net assets with donor restrictions.

NJPAC maintains a Strategic Reserve Fund to account for contributions without donor restrictions that may only be used for extraordinary operational needs as recommended by management and approved by the executive committee of the Board of Directors. As of June 30, 2023 and 2022, the Strategic Reserve Fund balance was $16,878,690 and $13,715,779, respectively. Contributions to the Strategic Reserve Fund are reported as net assets without donor restrictions in the consolidated statements of activities.

In fiscal year 2016, NJPAC established the Innovation Fund to account for contributions with the purpose of providing seed funding for new innovative initiatives with the potential of creating ongoing revenue. The Innovation Fund balance as of June 30, 2023 was $1,161,375, of which $620,211 is reported as net assets without donor restrictions and $541,164 as net assets with donor restrictions in the 2023 consolidated statement of activities. The Innovation Fund balance as of June 30, 2022 was $1,088,409, of which $570,211 is reported as net assets without donor restrictions and $518,198 as net assets with donor restrictions in the 2022 consolidated statement of activities.

Contributions from members of the Board of Directors amounted to approximately $1,466,000 and $1,336,000 for the years ended June 30, 2023 and 2022, respectively.

At June 30, 2023, 25% of contributions and grants receivables were due from one donor, compared to 35% at June 30, 2022. Additionally, nearly 14% of contributions revenue for the year ended June 30, 2023 were from one donor, compared to 32% for the year ended June 30, 2022.

(Continued)

(5) Property and Equipment

Property and equipment consist of the following at June 30, 2023 and 2022:

		2023	2022
Land	$	22,975,341	22,725,341
Theater building		137,514,506	137,514,506
Parking garage		10,421,794	10,421,794
Other building		4,708,360	4,708,360
Furniture, fixtures, and improvements		32,670,685	27,295,789
		208,290,686	202,665,790
Less accumulated depreciation		(107,182,238)	(102,905,751)
Property and equipment, net	$	101,108,448	99,760,039

(6) Loans Payable

Loans payable at June 30, 2023 and 2022 consist of the following:

		2023	2022
TD Bank:			
Term loan with a due date of December 31, 2026. Loan is payable in specified monthly installments of interest and principal. Interest at June 30, 2023 is 6.97%. (a)(b)	$	1,225,946	1,555,713
Borrowings under an working capital line of credit of up to $4,000,000 through December 31, 2019. Interest at June 30, 2023 is 7.06% (SOFR plus 2%). (a)		—	—
Prudential Foundation:			
Borrowings under an unsecured line of credit of up to $2,500,000 through November 12, 2025. Interest at June 30, 2023 is 2.0%. (c)		2,013,144	1,391,680
Borrowings under an unsecured line of credit of up to $1,000,000 through March 29, 2022. Interest at June 30, 2023 is 8.18%. (LIBOR plus 3%). (a)		—	—
	$	3,239,090	2,947,393

(a) Collateral for these loans and lines of credit consists of certain revenues and unrestricted contributions and grants receivable. The loan agreement contains various covenants, including, among other things, limitations, and restrictions on additional indebtedness and the achievement of certain financial results.

(b) Effective October 14, 2016, NJPAC entered into an interest rate swap agreement with TD Bank with the intention of fixing its effective interest rates on the variable rate term loan of $2,968,000. Under the terms of the agreement, NJPAC pays interest at a fixed rate of 3.27% and receives a variable rate of LIBOR plus 1.8%. The term of this interest swap is ten years.

(c) Effective November 12, 2020, NJPAC secured funding of up to $2,500,000 for pre-development costs on certain construction projects from the Prudential Foundation. Collateral for this loan consists of a continuing security interest in all Lot A development project property.

NJPAC has recorded the change in the fair value of interest rate swaps of $19,208 and $213,363 in the consolidated statements of activities for the years ended June 30, 2023 and 2022, respectively, as a change in unrestricted net assets in the non-operating section. The fair value of the interest rate swaps of $65,481 and $46,273 have been recorded in other liabilities in the consolidated balance sheets as of June 30, 2023 and 2022, respectively.

Interest expense for the years ended June 30, 2023 and 2022 was $37,790 and $123,629, respectively.

Required principal payments for the aforementioned loans at June 30, 2023 are as follows:

		Amount
Year ending June 30:		
2024	$	338,105
2025		349,573
2026		2,343,904
2027		207,508
	$	3,239,090

(7) Leases

(a) Property Lease

In August 1996, NJPAC entered into a superseding 99-year sublease, as amended, with the State of New Jersey for properties on NJPAC’s site. In September 2016, title to one of the leased tracts of land, designated as Two Center Street, was transferred to Theater Square Development Company, LLC at a cost of $150,000. Consequently, this tract was leased from Theater Square Development Company, LLC to Two Center Street Urban Renewal, LLC, for the construction of a multi-story residential tower referred to as One Theater Square. In November 2018, the State of New Jersey conveyed additional property to NJPAC at a cost of $430,000. The conveyed property will be used for future commercial and mission related development.

Under the terms of the above superseding lease, rent is payable to the State of New Jersey by NJPAC annually in the amount of any operating surplus, as defined, remaining after $500,000 is transferred to a board-designated endowment fund. The maximum cumulative rent payment due over the life of the lease is $44,000,000, with a maximum annual rent of $1,700,000. Once such board-designated endowment fund reaches a balance of $10,000,000, the Board of Directors shall in good faith allocate any operating surplus between the annual rent and the endowment fund. As of June 30, 2023 and June 30, 2022, no rent was required to be paid by NJPAC to the State of New Jersey.

(b) Parking Garage Lease

In 1997, NJPAC entered into a 50-year sublease, as amended, for the Military Park Garage in Newark from the Parking Authority of the City of Newark (the Authority). In 2017, NJPAC obtained a ten-year term loan, the proceeds of which were used to retire the outstanding balance of the City of Newark bonds. As a result, in 2023, NJPAC deducted $320,056 from the operating proceeds for the debt service on the loan. Per the sublease, 45% of the (deficiency)/excess of revenue over expenses are due to/(from) the Authority. In 2023 and 2022, the total due to /(from) the Parking Authority of the City of Newark amounted to $398,016 and $132,208, respectively. The lease is a net sublease, and all expenses of operation and repair are paid by NJPAC.

(c) Capital Leases

NJPAC maintains one capital lease agreement for office equipment. The value of the equipment leased is $355,413 and is included in property and equipment. The present value of the net minimum lease payments is included in other liabilities in the amounts of $274,941 at June 30, 2023 and $43,548 at June 30, 2022.

(d) Operating Leases

NJPAC adopted ASU 2021-09 as of July 1, 2022 using a modified retrospective transition approach, as permitted. The adoption of the provisions did not materially affect the consolidated financial statements.

(e) Ground Lease

In September 2016, NJPAC, through its wholly owned subsidiary, Theater Square Development Company LLC, entered into an amended and restated ground lease with Two Center Street Urban Renewal, LLC for the development, use, and occupancy of the land and building designated as Two Center Street Tract on NJPAC premises. The term of the lease is 97 years, commencing on September 8, 2016, with no renewal option. Rent is payable to NJPAC in the forms of a fixed, percentage and supplemental rents. Fixed rent is payable at varying annual amounts starting from $100,000 to $350,000, rent payments started in March 2020, as agreed, upon the rent commencement date of eighteen months after issuance of certificate of occupancy and satisfaction of certain other requirements. Percentage rent is payable at 2% of gross apartment rental receipts starting on the agreed upon commencement date of sixty months after issuance of the certificate of occupancy. Supplemental rent is payable upon the occurrence of a certain specified event. On August 13, 2020, NJPAC was paid $1,250,000 in supplemental rent. NJPAC amortizes the fixed rent due from Two Center Street Urban Renewal, LLC under the straight line method at $317,784 annually.

The following is a schedule of minimum future fixed rental receipts under the ground lease:

Year ending June 30:		
2024	$	100,000
2025		100,000
2026		100,000
2027		175,000
2028		275,000
Later years		29,725,000

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions is composed of time or purpose restricted and endowment fund corpus net assets. The net asset balances at June 30, 2023 and 2022 are as follows:

		2023	2022
Time or purpose restricted:			
Future operations	$	27,530,316	22,119,542
Programming		1,846,795	402,239
Arts education		759,200	1,517,725
Other programs		9,647,826	5,458,827
Total time or purpose restricted net assets		39,784,137	29,498,333
Endowment fund corpus:			
Income to be used for:			
Unrestricted		66,636,056	68,013,785
Programming		9,721,786	9,553,080
Arts education		15,443,166	11,458,102
Other programs		10,407,862	10,412,673
Total endowment fund corpus net assets		102,208,870	99,437,640
Total net assets with donor restrictions	$	141,993,007	128,935,973

NJPAC's endowment consists of eighty-five funds that have been established to support general operations and certain programs. These funds are invested by NJPAC. As required by GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires NJPAC to retain as a fund of perpetual duration. There were eight funds with deficiencies as of June 30, 2023, amounting to ($374,330). The corpus amount of these funds was $5,648,444. On June 30, 2022, two funds were deficient amounting to ($92,481). The corpus amount of these funds was $900,000.

(b) Interpretation of Relevant Law

The Board of Directors of NJPAC has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a prudent spending policy (referenced below) that contributes to the preservation of capital in donor-restricted endowment funds. Absent specific donor stipulations to the contrary, the act allows for spending below the fair value of the original gift, consistent with a prudent spending policy. NJPAC classifies as endowment fund corpus net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income earned on the accumulations to the endowment fund corpus is classified as time or purpose restricted net assets until the donor-imposed restrictions have been met.

(c) Spending Policy

NJPAC's endowment spending policy was based on 5% of the trailing 20 quarterly average fair value as of March 31 of the preceding fiscal year. In fiscal year 2019, the Board of Directors amended the policy, allowing the annual transfer to be based on the June 30 value of new gifts (those received during fiscal year 2019 and beyond), in year one, and the average of the accumulated trailing quarterly values in years two through five. In fiscal year 2020, the Board of Directors amended the policy to reduce the annual spending rate from 5% to 4.75% over 5 years. In fiscal year 2023, the spending policy was 4.82% of the trailing 20 quarterly average fair value on gifts received before June 30, 2019, plus 4.82% of the average rate on June 30, 2022, for gifts received after June 30, 2019. Certain endowment gifts require earnings in excess of the spending rate to be held for long-term investment.

The appropriation for endowment spending for fiscal year 2024 is $5,160,000.

(d) Return Objectives and Risk Parameters

NJPAC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income and growth, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NJPAC must hold in perpetuity. Under this policy, as approved by NJPAC's Board of Directors, the endowment assets are invested in a manner that is intended to produce moderate to high rates of return while assuming a moderate to low level of investment risk.

NJPAC has no board-designated endowment funds. The following represents NJPAC's donor-restricted endowment funds at June 30, 2023 and 2022:

		June 30, 2023		
		With donor restrictions		
		Accumulated gains	Original gift	Total
Donor-restricted endowment funds	$	18,661,122	102,208,870	120,869,992

		June 30, 2022		
		With donor restrictions		
		Accumulated gains	Original gift	Total
Donor-restricted endowment funds	$	12,441,340	99,437,640	111,878,980

The following table presents changes in endowments for the years ended June 30, 2023 and 2022:

		With donor restrictions		
		Accumulated gains	Original gift	Total
Endowment net assets at June 30, 2021	$	29,554,591	99,516,879	129,071,470
Investment income		578,753	33,645	612,398
Net realized and unrealized gain		(12,806,004)	(640,947)	(13,446,951)
Contributions, net		—	528,063	528,063
Appropriation for expenditure		(4,886,000)	—	(4,886,000)
Endowment net assets at June 30, 2022		12,441,340	99,437,640	111,878,980
Investment income		1,639,540	27,768	1,667,308
Net realized and unrealized gain		8,607,600	145,771	8,753,371
Contributions, net		—	2,597,691	2,597,691
Reclassification		1,147,642	—	1,147,642
Appropriation for expenditure		(5,175,000)	—	(5,175,000)
Endowment net assets at June 30, 2023	$	18,661,122	102,208,870	120,869,992

(Continued)

(9) Retirement Savings Plan

NJPAC has a 401(k) retirement savings plan that covers substantially all regular salaried employees who have attained 21 years of age and completed three months of service. The plan provides for NJPAC matching contributions based on the amount of employees' contributions. Expenses related to this plan, including the match, amounted to $312,467 and $222,832 for the years ended June 30, 2023 and 2022, respectively.

NJPAC has instituted a Supplemental 457(b) Retirement Plan that is available to key employees of the organization. This plan is funded by voluntary employee salary deferrals in accordance with regulations established under Section 457(b) of the Internal Revenue Code. NJPAC has instituted a 457(f) Supplemental Executive Retirement Plan available to the Chief Executive Officer. The plan will be funded over five years. The Arts Center incurred expenses totaling $60,000 during 2023.

(10) Advance on Conditional Grant

In 2019, a donor made a $20 million pledge to NJPAC to fund the design and construction of a multi-purpose education and community center (the Center) and the creation of an endowment to support the operating costs of the Center. Of the $20 million pledge, $19.5 million is subject to certain construction-related conditions. The remaining $0.5 million was unconditional and recorded as contributions revenue in the consolidated statement of activities in 2019. Through June 30, 2023, $10.0 million was received on this pledge. Of the $10.0 million received, $9.5 million remains conditional at June 30, 2023 and was therefore recorded as an advance on conditional grant in the consolidated balance sheets along with interest earned.

(11) Liquidity and Availability

NJPAC manages its liquidity by developing annual operating and capital budgets that provide sufficient funds for general expenditures. As of June 30, financial asset and liquidity resources available within one year for general expenditures, such as operating expenses and capital are as follows:

		2023	2022
Cash and cash equivalents	$	20,383,179	8,256,689
Contributions and grants receivable, due within one year		9,000,544	7,037,787
Accounts receivable, net		2,210,227	3,844,500
Balance of Board approved endowment spending not yet funded as of June 30		5,160,000	5,175,000
Total financial assets available for general expenditures within one year	$	36,753,950	24,313,976

Although NJPAC does not intend to spend from its endowment investment gains, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from NJPAC's unappropriated endowment investment gains balance of approximately $13 million as of June 30, 2023 could be made available, if necessary, and in accordance with UPMIFA.

(12) Subsequent Events

NJPAC evaluated events subsequent to June 30, 2023 and through October 31, 2023 the date on which the consolidated financial statements were available to be issued.