NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

KPMG LLP
Two Manhattan West
375 9th Avenue, 17th Floor
New York, NY 10001

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, 2026 and 2025, and the related consolidated statements 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, 2026 and 2025, 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 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 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.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

New York, New York
October 30, 2026

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Balance Sheets

June 30, 2026 and 2025

Assets		2026	2025
Cash and cash equivalents	$	74,400,753	89,472,008
Accounts receivable, net of allowance for doubtful accounts of $30,000 in 2026 and $79,620 in 2025		6,076,571	7,449,349
Contributions and grants receivable, net (notes 4 and 6)		32,812,746	22,327,000
Prepaid expenses and other assets (note 6)		2,650,462	3,615,858
Investments (note 3)		151,103,774	135,950,081
Notes receivable (note 12)		16,931,200	16,931,200
Operating lease right-of-use asset, net (note 7)		11,951,113	—
Property and equipment, net (note 5)		173,309,222	144,202,386
Total assets	$	469,235,841	419,947,882
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	11,937,831	7,604,226
Advance ticket sales and other deferred revenue		4,242,337	4,036,105
Loans payable (note 6)		107,279,048	107,643,384
Advance on conditional grants (note 10)		15,033,989	13,033,518
Other liabilities (note 7)		2,780,776	691,752
Operating lease liability (note 7)		10,822,481	—
Total liabilities		152,096,462	133,008,985
Commitments and contingencies (notes 3, 5, 7 and 9)			
Net assets:			
Net assets without donor restrictions:			
Designated for special purposes, including net investment in property and equipment		132,649,978	129,825,231
Total net assets without donor restrictions		132,649,978	129,825,231
Net assets with donor restrictions (note 8):			
Time or purpose restricted		77,331,535	53,380,917
Endowment fund corpus – endowment		107,157,866	103,732,749
Total net assets with donor restrictions		184,489,401	157,113,666
Total net assets		317,139,379	286,938,897
Total liabilities and net assets	$	469,235,841	419,947,882

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Activities

Year ended June 30, 2026

	Without restriction				
	Operations	Designated for special purposes	Total	With restrictions	Total
Operating expenses:					
Performance and performance related	$ 27,318,381	1,974,367	29,292,748	—	29,292,748
Social impact	6,660,791	285,769	6,946,560	—	6,946,560
Theater operations	13,821,558	1,865,427	15,686,985	—	15,686,985
Marketing and communications	4,029,874	102,521	4,132,395	—	4,132,395
Real estate	—	6,023,278	6,023,278	—	6,023,278
General and administrative	7,495,324	106,589	7,601,913	—	7,601,913
Development	3,054,078	81,543	3,135,621	—	3,135,621
	62,380,006	10,439,494	72,819,500	—	72,819,500
Operating revenue and other support:					
Earned revenue and gains:					
Performance and performance related	24,545,024	—	24,545,024	—	24,545,024
Social impact	411,693	—	411,693	—	411,693
Investment income, net (note 3)	6,219,836	3,079,464	9,299,300	11,966,212	21,265,512
Other business income	10,649,456	4,906,148	15,555,604	—	15,555,604
Total earned revenue and gains	41,826,009	7,985,612	49,811,621	11,966,212	61,777,833
Net contributed revenue:					
Contributions, net (notes 4 and 6)	7,248,410	2,080,000	9,328,410	23,368,395	32,696,805
Special events, net of expenses of $1,189,713	1,357,394	—	1,357,394	—	1,357,394
Government grants (note 4)	5,942,484	1,253,685	7,196,169	—	7,196,169
Net assets released from restrictions	7,958,872	—	7,958,872	(7,958,872)	—
Total net contributed revenue	22,507,160	3,333,685	25,840,845	15,409,523	41,250,368
	64,333,169	11,319,297	75,652,466	27,375,735	103,028,201
Nonoperating activities:					
Transfers to cover certain property and equipment activity	(529,397)	529,397	—	—	—
Transfer to reserve funds	(1,415,547)	1,415,547	—	—	—
Change in fair value of interest rate swap (note 6)	(8,219)	—	(8,219)	—	(8,219)
Total nonoperating activities	(1,953,163)	1,944,944	(8,219)	—	(8,219)
Increase in net assets	—	2,824,747	2,824,747	27,375,735	30,200,482
Net assets at beginning of year	—	129,825,231	129,825,231	157,113,666	286,938,897
Net assets at end of year	$ —	132,649,978	132,649,978	184,489,401	317,139,379

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Activities

Year ended June 30, 2025

	Without restriction				
	Operations	Designated for special purposes	Total	With restrictions	Total
Operating expenses:					
Performance and performance related	$ 35,298,588	1,948,589	37,247,177	—	37,247,177
Social impact	6,348,259	331,927	6,680,186	—	6,680,186
Theater operations	12,406,838	1,706,786	14,113,624	—	14,113,624
Marketing and communications	3,884,262	112,247	3,996,509	—	3,996,509
Real estate	—	1,903,698	1,903,698	—	1,903,698
General and administrative	7,140,150	88,117	7,228,267	—	7,228,267
Development	2,911,478	75,157	2,986,635	—	2,986,635
	67,989,575	6,166,521	74,156,096	—	74,156,096
Operating revenue and other support:					
Earned revenue and gains:					
Performance and performance related	32,320,538	—	32,320,538	—	32,320,538
Social impact	311,906	—	311,906	—	311,906
Investment income, net (note 3)	5,773,415	3,205,983	8,979,398	8,026,533	17,005,931
Other business income	6,069,999	5,256,200	11,326,199	—	11,326,199
Total earned revenue and gains	44,475,858	8,462,183	52,938,041	8,026,533	60,964,574
Net contributed revenue:					
Contributions, net (notes 4 and 6)	9,190,476	3,400,707	12,591,183	4,664,860	17,256,043
Special events, net of expenses of $902,212	1,522,398	—	1,522,398	—	1,522,398
Government grants (note 4)	4,975,707	2,187,805	7,163,512	506,696	7,670,208
Net assets released from restrictions	9,076,658	—	9,076,658	(9,076,658)	—
Total net contributed revenue	24,765,239	5,588,512	30,353,751	(3,905,102)	26,448,649
	69,241,097	14,050,695	83,291,792	4,121,431	87,413,223
Nonoperating activities:					
Transfers to cover certain property and equipment activity	(339,862)	339,862	—	—	—
Transfer to reserve funds	(887,065)	887,065	—	—	—
Change in fair value of interest rate swap (note 6)	(24,595)	—	(24,595)	—	(24,595)
Total nonoperating activities	(1,251,522)	1,226,927	(24,595)	—	(24,595)
Increase in net assets	—	9,111,101	9,111,101	4,121,431	13,232,532
Net assets at beginning of year	—	120,714,130	120,714,130	152,992,235	273,706,365
Net assets at end of year	$ —	129,825,231	129,825,231	157,113,666	286,938,897

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2026
(with comparative summarized totals for 2025)

	Performance and performance related	Social impact	Theater operations	Marketing and communications	Real estate	General and administrative	Development	Total expenses 2026	Total expenses 2025
Salaries	$ 4,101,738	4,147,724	4,385,494	2,470,896	—	4,385,623	1,934,211	21,425,686	20,759,079
Benefits	1,192,091	766,888	1,594,057	524,704	—	1,175,370	399,214	5,652,324	5,248,142
Fees	14,069,995	688,798	80,518	748,409	—	773,510	172,467	16,533,697	19,745,340
Promotion expenses	3,350,734	203,319	27,222	51,183	—	3,930	141,017	3,777,405	4,325,721
Utilities and maintenance	1,103,789	78,122	2,605,768	116,140	—	9,282	3,831	3,916,932	3,713,741
Travel, conferences, and publications	566,177	469,836	204,410	67,665	—	159,962	159,226	1,627,276	2,083,559
Printing and reproduction	2,651	7,322	5,105	15,240	—	3,199	15,666	49,183	65,054
Office and building supplies	18,393	99,820	273,213	27,438	—	195,146	4,681	618,691	731,522
Telecommunications	—	—	855	—	—	119,374	—	120,229	140,284
Insurance	39,371	—	910,237	—	—	—	—	949,608	935,605
Production expense	1,225,657	29,171	409,440	121	—	9,039	90	1,673,518	4,339,161
Credit card and ticket processing	484	6,070	1,058,023	55	—	2,843	52,029	1,119,504	1,206,883
Interest expense	9,385	1,198	1,702	198	—	221	314	13,018	16,596
Parking and lease-related expenses	896,584	—	2,030,998	—	—	—	—	2,927,582	3,151,599
Provision for doubtful accounts	530,880	—	—	—	—	—	(47,120)	483,760	57,900
Miscellaneous	210,452	162,523	234,516	7,825	—	657,825	218,452	1,491,593	1,469,389
	27,318,381	6,660,791	13,821,558	4,029,874	—	7,495,324	3,054,078	62,380,006	67,989,575
Special purpose activities:									
Depreciation	1,974,367	285,769	1,865,427	102,521	—	97,541	81,543	4,407,168	4,254,039
Salaries and benefits	—	—	—	—	589,776	—	—	589,776	540,761
Professional fees	—	—	—	—	—	—	—	—	101,147
Other	—	—	—	—	5,433,502	9,048	—	5,442,550	1,270,574
	$ 29,292,748	6,946,560	15,686,985	4,132,395	6,023,278	7,601,913	3,135,621	72,819,500	74,156,096
Special events expenses								1,189,713	902,212
Total expenses								$ 74,009,213	75,058,308

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2025

	Performance and performance related	Social impact	Theater operations	Marketing and communications	Real estate	General and administrative	Development	Total expenses 2025
Salaries	$ 4,915,961	3,580,441	4,005,943	2,402,181	—	4,039,758	1,814,795	20,759,079
Benefits	1,318,431	644,088	1,323,480	464,990	—	1,148,070	349,083	5,248,142
Fees	16,760,746	1,109,848	59,971	765,685	—	841,182	207,908	19,745,340
Promotion expenses	3,834,910	198,221	24,041	49,352	—	21,024	198,173	4,325,721
Utilities and maintenance	1,227,952	131,854	2,236,716	108,036	—	7,668	1,515	3,713,741
Travel, conferences, and publications	1,318,966	329,488	169,039	54,527	—	125,663	85,876	2,083,559
Printing and reproduction	8,598	7,177	611	14,848	—	3,187	30,633	65,054
Office and building supplies	74,123	125,631	307,671	18,544	—	196,511	9,042	731,522
Telecommunications	—	—	—	—	—	140,284	—	140,284
Insurance	46,098	3,006	886,501	—	—	—	—	935,605
Production expense	3,947,993	58,170	303,007	—	—	25,491	4,500	4,339,161
Credit card and ticket processing	220	7,179	1,144,691	264	—	371	54,158	1,206,883
Interest expense	12,385	1,179	2,026	354	—	383	269	16,596
Parking and lease-related expenses	1,316,763	—	1,834,836	—	—	—	—	3,151,599
Provision for doubtful accounts	—	—	—	—	—	—	57,900	57,900
Miscellaneous	515,442	151,977	108,305	5,481	—	590,558	97,626	1,469,389
	35,298,588	6,348,259	12,406,838	3,884,262	—	7,140,150	2,911,478	67,989,575
Special purpose activities:								
Depreciation	1,948,589	331,927	1,706,786	112,247	—	79,333	75,157	4,254,039
Salaries and benefits	—	—	—	—	540,761	—	—	540,761
Professional fees	—	—	—	—	101,147	—	—	101,147
Other	—	—	—	—	1,261,790	8,784	—	1,270,574
	$ 37,247,177	6,680,186	14,113,624	3,996,509	1,903,698	7,228,267	2,986,635	74,156,096
Special events expenses								902,212
Total expenses								$ 75,058,308

See accompanying notes to consolidated financial statements.

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidated Statements of Cash Flows

Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Increase in net assets	$ 30,200,482	13,232,532
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,407,168	4,254,039
Provision for doubtful accounts	483,760	57,900
Change in asset retirement obligation	9,048	8,784
Amortization of fixed rent	(2,031,563)	(1,245,898)
Noncash lease expense	771,368	—
Net realized and unrealized investment gains	(15,950,281)	(11,698,599)
Change in fair value of interest rate swap	8,219	24,595
Contributions and investment income for endowment	(3,425,117)	(299,693)
Contributions for capital	(4,117,421)	(5,792,579)
Changes in operating assets and liabilities:		
Accounts receivable	2,920,581	1,656,351
Contributions and grants receivable	(10,230,965)	4,199,814
Prepaid expenses and other assets	957,177	1,008,537
Accounts payable and accrued expenses	2,844,547	(290,058)
Advance ticket sales and other deferred revenue	206,232	512,066
Advance on conditional grant	2,000,471	1,342,644
Other liabilities	258,965	67,414
Net cash provided by operating activities	9,312,671	7,037,849
Cash flows from investing activities:		
Purchases of property and equipment	(32,024,946)	(43,488,476)
Proceeds from sales of investments	33,641,475	26,806,907
Purchases of investments	(32,844,887)	(26,959,473)
Net cash used in investing activities	(31,228,358)	(43,641,042)
Cash flows from financing activities:		
Repayment of loans	(364,336)	(2,852,470)
Proceeds from loans	—	33,110,815
Repayment of finance lease	(78,989)	(77,463)
Cash received for endowment	3,170,336	3,833,201
Cash received for capital	4,117,421	5,792,579
Net cash provided by financing activities	6,844,432	39,806,662
Net (decrease) increase in cash and cash equivalents	(15,071,255)	3,203,469
Cash and cash equivalents at beginning of year	89,472,008	86,268,539
Cash and cash equivalents at end of year	$ 74,400,753	89,472,008
Supplemental disclosure of cash flow information:		
Noncash capital expenditures included in accounts payable and accrued expenses at year-end	$ 1,489,058	—
Right-of-use assets obtained in exchange for operating lease liability	12,298,699	—
Cash paid during the year for interest	13,018	16,596

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. The mission of the New Jersey Performing Arts Center (NJPAC) is to activate the transformative power of the performing arts to enrich lives, engage our communities, advance well-being and catalyze economic development. 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.

Social Impact - NJPAC's Social Impact initiative leverages the arts to make positive changes in our community's health, education, community development and civic engagement. We do this through programs including: arts training for students, professional development for educators, in-school residencies, performances for school groups, arts programs in healthcare settings, an arts-on-prescription program, partnerships with community-based organizations across New Jersey.

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

Marketing and communications – 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 or AEE 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 statements of three limited liability companies named the Theater Square Development Company, LLC (TSDC), NJPAC TSD 1 LLC (TSD 1) and Hip Hop Nutcracker Tour, LLC (HHNT). NJPAC is the sole member of these companies. The single-member LLCs are treated as disregarded entities for federal tax purposes. Both TSDC and TSD 1 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. The purpose of HHNT is to produce and present touring performances of The Hip Hop Nutcracker.

In fiscal year 2024, NJPAC established TS 2 Development Corporation (TS2) as a supporting organization of NJPAC to acquire, lease, renovate and improve real estate and to acquire public financing and tax credit financing. Specifically, TS2 was created to develop the Cooperman Family Arts Education and Community

Center (Cooperman) and to contract as necessary to participate in federal and State of New Jersey investment tax credits.

NJPAC formed three additional single-member LLCs named NJ Media Production Stages, NJ Media Production Studios, and NJ Media Production Holdings in June 2019. A fourth LLC named NJ Media Production Management was formed in September 2019. 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 capitalized costs totaling $1,705,448 and $401,806 in 2026 and 2025, 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 accrual 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. Theater Square Development Company, LLC and NJPAC TSD 1, 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. Cash and cash equivalents include approximately $66 million restricted for capital purposes.

(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 an 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 costs, net of accretion, were $54,902 and $92,371 for the years ended June 30, 2026 and 2025, respectively. The conditional asset retirement obligation included in other liabilities is $302,300 and $357,202 at June 30, 2026 and 2025, 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 $3.3 million and $3.2 million in 2026 and 2025, 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, 2026 and 2025 was 3.84% and 4.08%, 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 rentals, airfare, and legal professional services in the amount of $719,859 and $784,276 for the years ended June 30, 2026 and 2025, respectively, are recorded as contributions revenue and 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 the amounts disclosed.

(l) Advertising Expenses

Advertising expenses related to future performances are expensed as incurred. Advertising expenses amount to approximately $2,254,318 and $3,180,755 in 2026 and 2025, 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 investments, the reserves for uncollectible contributions, grants and accounts receivable, the present value of multi-year contributions receivable, 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, 2026, or 2025.

(o) Functional Classification of Expenses

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

(p) Leases

NJPAC assesses contracts at inception to determine whether an arrangement includes a lease. Right of use operating lease assets represent NJPAC's right to use the underlying assets and right of use operating lease liability represents NJPAC's obligation to make lease payments for the use of the leased asset. NJPAC has elected the short-term lease exemption for leases with a term of twelve months or less. NJPAC recognizes right of use assets and lease liabilities based on the present value of lease payments over the lease term at commencement date. The rate implicit in NJPAC's leases typically is not readily determinable. As a result, a risk free rate of a comparable time period is used.

(q) Reclassifications

Certain prior year amounts were reclassified to align with the current year presentation.

(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, 2026 and 2025:

	June 30, 2026		June 30, 2025	
	Total	**Level 1**	**Total**	**Level 1**
Investments:				
Cash equivalents	$ 26,747,104	26,747,104	22,305,962	22,305,962
Mutual funds and stocks:				
Common Stock – US	19,177,509	19,177,509	16,546,459	16,546,459
Mutual funds	67,779,625	67,779,625	65,044,027	65,044,027
Total	113,704,238	113,704,238	103,896,448	103,896,448
Alternative investment funds:				
Hedged strategies (a)	18,062,969		16,242,633	
Private equity (b)	19,336,567		13,275,696	
Commingled trust (c)	—		2,535,304	
Total	37,399,536		32,053,633	
Total investments	$ 151,103,774		135,950,081	

(Continued)

(a) NJPAC's alternative investments in four hedged strategy funds amounted to $18,062,969 at June 30, 2026 and $16,242,633 at June 30, 2025. These include $3,164 in 2026 and $7,982 in 2025 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 $18,059,805 in 2026 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 $19,336,567 and $13,275,696 at June 30, 2026 and 2025, respectively, were made through sixteen limited partnerships in 2026 and fourteen limited partnerships in 2025. Certain partnerships have limited existence and provide for annual extensions for the purpose of disposing of 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, 2026, NJPAC has potential future capital call commitments of approximately $5,769,597 to these private equity funds.

(c) NJPAC's investments no longer include a commingled trust fund, which totaled $2,535,304 as of June 30, 2025. The fund invested primarily in long-term international equity investments and permitted monthly redemptions with 30 days' notice.

The following summarizes investment income components for the years ended June 30, 2026 and 2025:

		2026	2025
Investment income, net:			
Interest and dividends	$	5,315,231	5,307,332
Net realized gains		357,317	93,728
Net unrealized gains in fair value of investments		15,592,964	11,604,871
	$	21,265,512	17,005,931

(Continued)

(4) Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2026 and 2025 are scheduled to be collected as follows:

	2026	2025
Amount due in:		
One year	$ 14,585,442	10,895,208
Two to five years	16,554,970	12,345,444
More than five years	5,325,000	1,534,500
Total contributions and grants receivable	36,465,412	24,775,152
Less:		
Adjustment to reflect contributions and grants receivable at discounted value 3.84% to 4.08%	3,652,666	2,448,152
Contributions and grants receivable, net	$ 32,812,746	22,327,000

During fiscal year 2026, NJPAC recognized revenue of $6.883 million in State and Federal appropriated funds, of which $5.912 million of State funding was designated for general operations, capital projects, and the state-wide "*North to Shore*" concert series.

In total, the New Jersey State Council on the Arts awarded NJPAC grants of $1,000,000 for fiscal years 2026 and 2025, for general operating support. Grant receivables of $250,000 for these awards are included in contributions and grants receivable in the accompanying consolidated balance sheets at June 30, 2026 and 2025.

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. On June 30, 2026 and 2025, contributions receivable from The Trust were $0. The matching gifts from The Trust were based on certified private donations to NJPAC's endowment. These certified donations totaling $21,187,500, as well as The Trust's matching amount of $4,237,500, are held and managed by NJPAC and recorded as net assets with donor restrictions in the endowment.

Contributions from members of the Board of Directors amounted to approximately $2,174,000 and $1,895,000 for the years ended June 30, 2026 and 2025, respectively.

At June 30, 2026, 41% of contributions and grants receivables were due from one donor, compared to 24% at June 30, 2025. Additionally, 9% of contributions revenue for the year ended June 30, 2026 were from one donor, compared to 10% for the year ended June 30, 2025.

(5) Property and Equipment

Property and equipment consist of the following at June 30, 2026 and 2025:

	2026	2025
Land	$ 22,725,342	22,725,342
Theater building	135,907,436	138,105,846
Parking garage	10,421,794	10,421,794
Other building	10,589,130	8,804,074
Furniture, fixtures, and improvements	42,070,884	42,741,687
Work in progress	71,687,370	37,089,209
	293,401,956	259,887,952
Less accumulated depreciation	(120,092,734)	(115,685,566)
Property and equipment, net	$ 173,309,222	144,202,386

At June 30, 2026, fixed assets include approximately $72 million recorded as work in progress, representing capital expenditures for several ongoing development and renovation projects. These projects are in various stages of completion and will be depreciated upon being placed in service.

Work in progress primarily relates to the development of the Cooperman Family Arts Education and Community Center, scheduled for completion by July of 2027 and the infrastructure and site work supporting the ArtSide development project, which will include approximately 350 residential mixed-income units and mixed-use space. The development will consist of a high-rise, a mid-rise tower and low-rise, with construction also expected to conclude by the summer of 2027. Additional projects include various facility upgrades and building improvements: seat replacements for both theaters which was substantially completed in September 2026, East Wing improvements which encompasses a dock expansion and rotation and the repositioning of Nico restaurant to an event space, all of which are anticipated for early summer 2027, and the partial demolition of the 24 Rector Street building. The Film Studio development also commenced following a closing in August 2025, and is expected to be an 18-month build project which commenced in December 2025. Expenditures are capitalized as incurred and will be transferred to the appropriate asset categories upon completion and readiness for its intended use.

As of June 30, 2026, NJPAC has ongoing construction projects supported by executed contracts totaling approximately $120 million. The commitments include a Sitework Guaranteed Maximum Price (GMP) contract of approximately $19 million, an $18 million GMP contract for the East Wing Improvements, a Cooperman Family Arts Education and Community Center GMP contract of approximately $59 million and $4.4 million of contracts related to theater flooring and seats upgrade. Soft costs for all the projects are estimated to be roughly $19.3 million. These commitments advance the mission of NJPAC, by investment in infrastructure development and its facilities, ensuring compliance with contractual obligations. The financial impact of these commitments is recognized in NJPAC’s financial statements, reflecting the ongoing progress and future obligations associated with these projects.

(6) Loans Payable

Loans payable at June 30, 2026 and 2025 consist of the following:

	2026	2025
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, 2026 is 5.42%. (a)(b)	$ 168,233	532,569
Borrowings under a working capital line of credit of up to $4,000,000 through March 31, 2027. Interest at June 30, 2026 is 5.67% (SOFR plus 2%). (a)	—	—
Tax Exempt Bond with a due date of March 21, 2034. Consecutive monthly payments of interest-only for 36 months. Interest at June 30, 2026 is 5.53%. (c)	50,000,000	50,000,000
Prudential Foundation:		
Borrowings under an unsecured line of credit of up to $1,000,000 through March 31, 2028. Interest at June 30, 2026 is 6.67% (SOFR plus 3%). (a)	—	—
NJPAC Cooperman Investment Fund, LLC:		
A promissory note with a 30 year term loan. Interest only quarterly payments due now until 2031. After 2031 principal and interest payment will continue through completion in 2054. Interest at June 30, 2026 is 1.0972%. (d)	24,000,000	24,000,000
NDH Capital Corporation:		
A term loan with a due date of June 1, 2037. Loan is payable in annual installments of interest and principal, starting June 1, 2029. Interest at June 30, 2026 is 6.800%. (e)	33,110,815	33,110,815
Total	$ 107,279,048	107,643,384

(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 SOFR plus 1.8%, (5.42% at June 30, 2026). The term of this interest swap is ten years.

NJPAC has recorded the change in the fair value of interest rate swaps of $8,219 and of $24,595 in the consolidated statements of activities for the years ended June 30, 2026 and 2025, respectively, as a change in net assets without donor restriction in the non-operating section. The fair value of the interest rate swaps of $597 and $8,816 have been recorded in other assets in the consolidated balance sheets as of June 30, 2026 and 2025.

(c) Effective, March 21, 2024, NJPAC secured a $50 million tax-exempt bond issued by the New Jersey Economic Development Authority to undertake a project generally consisting of the development of a new Cooperman Family Arts Education and Community Center, along with renovations and improvements on NJPAC's existing campus, as well as the acquisition and renovation of 31 Mulberry Street building.

(d) Effective, March 21, 2024, TS2 entered into an agreement with NJPAC Cooperman Investment Fund LLC. (an entity wholly owned by the tax credit investor), to borrow $24 million for construction purposes.

(e) Effective, December 20, 2024, NJPAC TSD 1 LLC entered into an agreement with NDH Capital Corporation to secure a non-recoursed loan to NJPAC TSD 1, holding multiple zero coupon notes. This loan is secured solely by proceeds from the ASPIRE tax credit proceeds.

Interest expense, excluding capitalized interest of $2,795,722 and $2,820,847 for the years ended June 30, 2026 and 2025 was $13,018 and $16,596, respectively.

Required principal payments for the aforementioned loans at June 30, 2026 are as follows:

	Amount
Year ending June 30:	
2027	$ 513,955
2028	1,385,109
2029	6,534,738
2030	5,290,951
2031	5,638,336
Thereafter	87,915,959
	$ 107,279,048

(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, 2026 and June 30, 2025, no rent was required to be paid by NJPAC to the State of New Jersey and no funds were required to be transferred to a board designated fund.

(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. In 2026 and 2025, the total due to/(from) the Parking Authority of the City of Newark amounted to $73,285 and $(58,659), respectively. The lease is a net sublease, and all expenses of operation and repair are paid by NJPAC.

(c) Finance Leases

NJPAC maintains one finance lease agreement for office equipment. The value of the equipment leased is $406,644 and is included in property and equipment. The related finance lease liability is included in other liabilities in the amounts of $394,094 and $150,169 at June 30, 2026 and 2025, respectively.

(d) 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 a 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 March 5, 2026, NJPAC was paid $1,750,000 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.

In August 2025, NJPAC, through its wholly owned subsidiary, NJ Media Production Stages LLC (NJMPS), entered into a 75-year ground lease with the Housing Authority of the City of Newark for approximately 11.85 acres in Newark, expiring August 31, 2100, for the development of a film and television studio complex. Base rent is payable quarterly beginning in fiscal 2031 at annual amounts ranging from $163,000 to $1,398,286. The $1,900,000 initial lease payment was satisfied through a credit for site clearing costs. Either party may terminate the lease if construction has not commenced by February 2027. The ground lease is accounted for as an operating lease. At commencement, NJPAC recorded an operating lease liability of $10,398,699 and an operating lease right-of-use asset of $12,298,699, which includes the $1,900,000 prepaid lease payment. At June 30, 2026, the operating lease liability was $10,822,481 and the related right-of-use asset was $11,951,113. Operating lease cost for fiscal 2026 was $771,368. The discount rate used to measure the lease liability was 4.88%.

The future minimum lease payments under the lease agreement as of June 30, 2026 are as follows:

2027	$	—
2028		—
2029		—
2030		—
2031		163,000
Thereafter		66,997,150
Total minimum lease payments		67,160,150
Less discount rate of 4.88%		(56,337,669)
Net present value of minimum lease payments	$	10,822,481

Concurrently, NJMPS subleased the premises to Great Point Newark Studio LLC for 35 years, expiring August 31, 2060, with two 20-year renewal options. In April 2026, Great Point exercised its first 20-year extension option, extending the lease term through August 31, 2080. Great Point retains the right to exercise the remaining 20-year extension option, which, if exercised, would extend the lease term through August 31, 2100. Great Point will finance, construct, own and operate the improvements and has assumed NJMPS's obligations under the ground lease, although NJMPS remains obligated to the Housing Authority. Sublease rent equals the ground lease rent plus $3.00 per rentable square foot on a minimum of 250,000 square feet, escalating annually. At execution, Great Point paid NJPAC $1,939,309 for reimbursement of predevelopment costs, with an additional $746,530, including a development fee, due upon the closing of construction financing. NJMPS recognizes fixed rent under the sublease on a straight-line basis over the lease term at $1,265,683 annually.

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

Year ending June 30:		
2027	$	1,888,780
2028		2,199,727
2029		2,249,727
2030		2,274,727
2031		2,274,727
Later years		152,827,147
	$	163,714,835

(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, 2026 and 2025 are as follows:

	2026	2025
Time or purpose restricted:		
Future operations	$ 58,010,212	41,238,519
Programming	11,884,488	3,511,647
Arts education	1,635,934	1,451,294
Other programs	5,800,901	7,179,457
Total time or purpose restricted net assets	77,331,535	53,380,917
Endowment fund corpus:		
Income to be used for:		
Unrestricted	65,342,301	67,566,911
Programming	10,186,613	10,104,644
Arts education	21,441,806	15,857,643
Other programs	10,187,146	10,203,551
Total endowment fund corpus net assets	107,157,866	103,732,749
Total net assets with donor restrictions	$ 184,489,401	157,113,666

NJPAC's endowment consists of eighty-seven 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 on 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. None of the funds had deficiencies as of June 30, 2026 or June 30, 2025.

(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 in fiscal year 2025 was based on a 4.75% of the trailing 20 quarterly average fair value on gifts received before June 30, 2019, plus 4.75% of the average fair value at June 30, 2025 for gifts received after June 30, 2019. Effective in fiscal year 2026, NJPAC revised its endowment spending policy to calculate the annual spending rate as 4.75% of the trailing 12-quarter average fair value. 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 2027 is $5,941,693.

(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, 2026 and 2025:

	June 30, 2026		
	With donor restrictions		
	Accumulated gains	Original gift	Total
Donor-restricted endowment funds	$ 45,901,724	107,157,866	153,059,590

	June 30, 2025		
	With donor restrictions		
	Accumulated gains	Original gift	Total
Donor-restricted endowment funds	$ 34,476,718	103,732,749	138,209,467

The following table presents changes in endowments for the years ended June 30, 2026 and 2025:

	With donor restrictions		
	Accumulated gains	Original gift	Total
Endowment net assets at June 30, 2024	$ 26,932,191	103,433,056	130,365,247
Investment income	2,090,102	23,931	2,114,033
Net realized and unrealized gains	10,830,425	125,638	10,956,063
Contributions, net	—	150,124	150,124
Appropriation for expenditure	(5,376,000)	—	(5,376,000)
Endowment net assets at June 30, 2025	34,476,718	103,732,749	138,209,467
Investment income	2,753,644	15,816	2,769,460
Net realized and unrealized gains	14,390,291	83,034	14,473,325
Contributions, net	—	3,326,267	3,326,267
Appropriation for expenditure	(5,718,929)	—	(5,718,929)
Endowment net assets at June 30, 2026	$ 45,901,724	107,157,866	153,059,590

(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 $279,654 and $329,502 for the years ended June 30, 2026 and 2025, respectively.

NJPAC has a Supplemental 457(b) Retirement Plan 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 instituted a Supplemental Executive Retirement Plan (SERP) to provide eligible employees deferred compensation benefits in accordance with regulations established under Section 457(f) of the Internal Revenue Code. Expenses related to this plan amounted to $555,000 and $415,000 for the years ended June 30, 2026 and 2025, respectively.

(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, 2026, $15 million was received on this pledge. Of the $15 million received, $14.5 million remains conditional at June 30, 2026 and was therefore recorded as an advance on conditional grants 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 assets and liquidity resources available within one year for general expenditures, such as operating expenses and capital are as follows:

	2026	2025
Cash and cash equivalents	$ 8,328,393	2,345,885
Contributions and grants receivable, due within one year	11,845,442	9,745,208
Accounts receivable, net	6,076,571	7,449,349
Balance of Board approved endowment spending not yet funded as of June 30	5,941,693	5,718,929
Total financial assets available for general expenditures within one year	$ 32,192,099	25,259,371

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 $40 million as of June 30, 2026 could be made available, if necessary, and in accordance with UPMIFA.

(12) Notes Receivable

A note for $16.9 million entered into on March 21, 2024 with NJPAC Cooperman Investment Fund, LLC, an entity wholly owned by the tax credit investor for the purpose of acting as a leveraged lender related to the construction of the Cooperman Family Arts Center. The term of the note is 29 years at a 1.00% interest rate for the term of the note with quarterly principal payments due beginning July 2031.

(13) Subsequent Events

Subsequent to June 30, 2026, on August 4, 2026, NJPAC's wholly owned subsidiary, NJPAC TSD 1 LLC, acquired a 19.00% membership interest in CSO Townhouse Holdco LLC, a Delaware limited liability company formed to develop approximately 15 rental townhome units on Unit 3 of the Center Street Condominium as a component of the Transformative Project supporting NJPAC's $199.7 million New Jersey Aspire Program tax credit award. NJPAC TSD 1 LLC's capital contribution of $938,381 consists of the conveyance of Unit 3 at an agreed contributed value of $617,487 and a cash contribution of $320,894 due when called.

NJPAC evaluated events subsequent to June 30, 2026 and through October 30, 2026, the date on which the consolidated financial statements were available to be issued, and there were no additional events or transactions during the subsequent event period requiring disclosure and recognition in the consolidated financial statements.

Schedule 1

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidating Balance Sheet

June 30, 2026

Assets	NJPAC, AEE Fund, TSDC, HHNT, TSD1, and NJMPS	TS2	Eliminations	Consolidated total
Cash and cash equivalents	$ 70,210,946	4,189,807	—	74,400,753
Accounts receivable, net of allowance for doubtful accounts of $30,000 in 2026	6,076,571	—	—	6,076,571
Contributions and grants receivable, net	32,812,746	—	—	32,812,746
Prepaid expenses and other assets	2,650,462	—	—	2,650,462
Investments	151,103,774	—	—	151,103,774
Notes receivable	16,931,200	—	—	16,931,200
Property and equipment, net	149,810,555	23,498,667	—	173,309,222
Operating lease right-of-use asset, net	11,951,113	—	—	11,951,113
Amounts due from affiliate	623,600	—	(623,600)	—
Total assets	$ 442,170,967	27,688,474	(623,600)	469,235,841
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 10,448,773	1,489,058	—	11,937,831
Advance ticket sales and other deferred revenue	4,242,337	—	—	4,242,337
Loans payable	83,279,048	24,000,000	—	107,279,048
Advance on conditional grants	15,033,989	—	—	15,033,989
Other liabilities	2,780,776	—	—	2,780,776
Operating lease liability	10,822,481	—	—	10,822,481
Amounts due to affiliate	—	623,600	(623,600)	—
Total liabilities	126,607,404	26,112,658	(623,600)	152,096,462
Commitments and contingencies				
Net assets:				
Net assets without donor restrictions:				
Designated for special purposes, including net investment in property and equipment	131,074,162	1,575,816	—	132,649,978
Total net assets without donor restrictions	131,074,162	1,575,816	—	132,649,978
With donor restrictions:				
Time or purpose restricted	77,331,535	—	—	77,331,535
Endowment fund corpus	107,157,866	—	—	107,157,866
Total net assets with donor restrictions	184,489,401	—	—	184,489,401
Total net assets	315,563,563	1,575,816	—	317,139,379
Total liabilities and net assets	$ 442,170,967	27,688,474	(623,600)	469,235,841

See accompanying independent auditors' report.

Schedule 2

NEW JERSEY PERFORMING ARTS CENTER CORPORATION

Consolidating Schedule of Activities

Year ended June 30, 2026

	NJPAC, AEE Fund, TSDC, HHNT, TSD1, and NJMPS	TS2	Eliminations	Consolidated total
Operating expenses:				
Performance and performance related	$ 29,292,748	—	—	29,292,748
Social impact	6,946,560	—	—	6,946,560
Theater operations	15,686,985	—	—	15,686,985
Marketing and communications	4,132,395	—	—	4,132,395
Real estate	6,021,968	1,310	—	6,023,278
General and administrative	7,601,913	—	—	7,601,913
Development	3,135,621	—	—	3,135,621
	72,818,190	1,310	—	72,819,500
Operating revenue and other support:				
Earned revenue and gains:				
Performance and performance related	24,545,024	—	—	24,545,024
Social impact	411,693	—	—	411,693
Investment income, net	20,826,152	439,360	—	21,265,512
Other business income	15,555,604	—	—	15,555,604
Total earned revenue and gains	61,338,473	439,360	—	61,777,833
Net contributed revenue:				
Contributions, net	32,696,805	—	—	32,696,805
Special events, net of expenses of $1,189,713	1,357,394	—	—	1,357,394
Government grants	7,196,169	—	—	7,196,169
Total net contributed revenue	41,250,368	—	—	41,250,368
Nonoperating activities:				
Change in fair value of interest rate swap	(8,219)	—	—	(8,219)
Total nonoperating activities	(8,219)	—	—	(8,219)
Increase in net assets	29,762,432	438,050	—	30,200,482
Net assets at beginning of year	285,801,131	1,137,766	—	286,938,897
Net assets at end of year	$ 315,563,563	1,575,816	—	317,139,379

See accompanying independent auditors' report.