

Form **990-T**

# Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

14609

2017

For calendar year 2017 or other tax year beginning OCT 1, 2017, and ending SEPT 30, 2018

▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

- A  Check box if address changed
- B Exempt under section
  - 501( C ) ( 3 )
  - 408(e)  220(e)
  - 408A  530(a)
  - 529(a)
- C Book value of all assets at end of year

Name of organization (  Check box if name changed and see instructions )  
**JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS**

Number, street, and room or suite no. If a P O box, see instructions  
**2700 F STREET, NW**

City or town, state or province, country, and ZIP or foreign postal code  
**WASHINGTON, DC 20566**

D Employer identification number (Employees' trust, see instructions)  
**53-0245017**

E Unrelated business activity codes (See instructions)  
**453220**

**556,989,780**

F Group exemption number (See instructions) ▶

G Check organization type ▶  501(c) corporation  501(c) trust  401(a) trust  Other trust

H Describe the organization's primary unrelated business activity. ▶ **GIFT SHOP SALES**

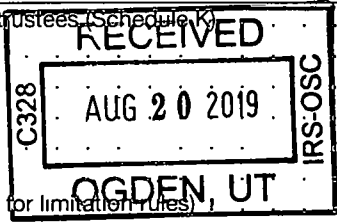
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶  Yes  No  
If "Yes," enter the name and identifying number of the parent corporation ▶

J The books are in care of ▶ **LYNNE PRATT, JFK CENTER** Telephone number ▶ **202-416-8000**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales	2,094,141		
b	Less returns and allowances	82,500		
c	Balance ▶	1c 2,011,641		
2	Cost of goods sold (Schedule A, line 7)	1,762,180		
3	Gross profit Subtract line 2 from line 1c	249,461		249,461
4a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)	15,424		15,424
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)			
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)			
12	Other income (See instructions, attach schedule)	110,303		110,303
13	Total. Combine lines 3 through 12	375,188		375,188

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)			14	
15	Salaries and wages			15	
16	Repairs and maintenance			16	
17	Bad debts			17	
18	Interest (attach schedule)			18	
19	Taxes and licenses			19	
20	Charitable contributions (See instructions for limitations)			20	37,519
21	Depreciation (attach Form 4562)			21	
22	Less depreciation claimed on Schedule A and elsewhere on return			22a	
23	Depletion			23	
24	Contributions to deferred compensation plans			24	
25	Employee benefit programs			25	
26	Excess exempt expenses (Schedule I)			26	
27	Excess readership costs (Schedule J)			27	
28	Other deductions (attach schedule)			28	
29	Total deductions. Add lines 14 through 28			29	37,519
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			30	337,669
31	Net operating loss deduction (limited to the amount on line 30)			31	315,476
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			32	22,193
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)			33	1,000
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			34	21,193



SCANNED SEP 24 2019

**Part III Tax Computation**

**35 Organizations Taxable as Corporations.** See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here  See instructions and:

**a** Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_

**b** Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

**c** Income tax on the amount on line 34 . . . . . **35c** 4,130

**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from:  Tax rate schedule or  Schedule D (Form 1041) . . . . . **36**

**37 Proxy tax.** See instructions . . . . . **37**

**38 Alternative minimum tax** . . . . . **38**

**39 Tax on Non-Compliant Facility Income.** See instructions . . . . . **39**

**40 Total.** Add lines 37, 38 and 39 to line 35c or 36, whichever applies . . . . . **40** 4,130

**Part IV Tax and Payments**

**41a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) . . . . . **41a**

**b** Other credits (see instructions) . . . . . **41b**

**c** General business credit. Attach Form 3800 (see instructions) . . . . . **41c**

**d** Credit for prior year minimum tax (attach Form 8801 or 8827) . . . . . **41d**

**e** Total credits. Add lines 41a through 41d . . . . . **41e**

**42** Subtract line 41e from line 40 . . . . . **42**

**43** Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  Form 8866  Other (attach schedule) . . . . . **43**

**44** Total tax. Add lines 42 and 43 . . . . . **44**

**45a** Payments: A 2016 overpayment credited to 2017 . . . . . **45a**

**b** 2017 estimated tax payments . . . . . **45b**

**c** Tax deposited with Form 8868 . . . . . **45c** 10,000

**d** Foreign organizations: Tax paid or withheld at source (see instructions) . . . . . **45d**

**e** Backup withholding (see instructions) . . . . . **45e**

**f** Credit for small employer health insurance premiums (Attach Form 8941) . . . . . **45f**

**g** Other credits and payments:  Form 2439  Form 4136  Other \_\_\_\_\_ Total **45g**

**46** Total payments. Add lines 45a through 45g . . . . . **46** 10,000

**47** Estimated tax penalty (see instructions). Check if Form 2220 is attached  **47**

**48** Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed . . . . . **48**

**49** Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid . . . . . **49** 5,870

**50** Enter the amount of line 49 you want: Credited to 2018 estimated tax  5,870 Refunded  **50**

**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

**51** At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here  Yes  No

**52** During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.  Yes  No

**53** Enter the amount of tax-exempt interest received or accrued during the tax year  \$

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign Here** PTAD 7/22/19 Chief Financial Officer  
 Signature of officer Date Title

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Marc R. Berger, CPA	<u>Marc Berger</u>	7/23/19		P01871563
Firm's name <input type="checkbox"/> BDO USA, LLP			Firm's EIN <input type="checkbox"/> 13-5381590	
Firm's address <input type="checkbox"/> 8401 GREENSBORO DR., SUITE 800 MCLEAN, VA 22102			Phone no. 703-893-0600	

**Schedule A—Cost of Goods Sold.** Enter method of inventory valuation ►

<b>1</b> Inventory at beginning of year	<b>1</b>	<b>364,718</b>	<b>6</b> Inventory at end of year	<b>6</b>	<b>334,980</b>
<b>2</b> Purchases	<b>2</b>	<b>708,762</b>	<b>7</b> <b>Cost of goods sold.</b> Subtract line 6 from line 5. Enter here and in Part I, line 2	<b>7</b>	<b>1,762,180</b>
<b>3</b> Cost of labor	<b>3</b>	<b>698,958</b>	<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
<b>4a</b> Additional section 263A costs (attach schedule)	<b>4a</b>				
<b>b</b> Other costs (attach schedule)	<b>4b</b>	<b>324,721</b>			
<b>5</b> <b>Total.</b> Add lines 1 through 4b	<b>5</b>	<b>2,097,160</b>			✓

**Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)**  
(see instructions)

<b>1.</b> Description of property		
(1)		
(2)		
(3)		
(4)		
<b>2.</b> Rent received or accrued		
<b>(a)</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	<b>(b)</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	<b>3(a)</b> Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
<b>Total</b>	<b>Total</b>	<b>(b) Total deductions.</b> Enter here and on page 1, Part I, line 6, column (B) ►
<b>(c) Total income.</b> Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ►		

**Schedule E—Unrelated Debt-Financed Income** (see instructions)

<b>1.</b> Description of debt-financed property		<b>2.</b> Gross income from or allocable to debt-financed property	<b>3.</b> Deductions directly connected with or allocable to debt-financed property	
			<b>(a)</b> Straight line depreciation (attach schedule)	<b>(b)</b> Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
<b>4.</b> Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	<b>5.</b> Average adjusted basis of or allocable to debt-financed property (attach schedule)	<b>6.</b> Column 4 divided by column 5	<b>7.</b> Gross income reportable (column 2 × column 6)	<b>8.</b> Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
<b>Totals</b>			Enter here and on page 1, Part I, line 7, column (A) ►	Enter here and on page 1, Part I, line 7, column (B) ►
<b>Total dividends-received deductions</b> included in column 8				

**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

		Exempt Controlled Organizations			
1. Name of controlled organization	2. Employer identification number	3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)	
<b>Totals</b> ▶					

**Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A)	Enter here and on page 1, Part I, line 9, column (B)	
<b>Totals</b> ▶				

**Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 26
<b>Totals</b> ▶						

**Schedule J—Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b> ▶						

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I</b>						
	Enter here and on page 1, Part I, line 11, col (A)	Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
<b>Totals, Part II (lines 1–5)</b>						

**Schedule K—Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total.</b> Enter here and on page 1, Part II, line 14			

The John F. Kennedy Center for the Performing Arts (Kennedy Center) keeps its books and computes its income on the basis of a 52-53 week tax year. The 52-53 week tax year always ends on Sunday and always on the Sunday nearest to the last calendar day in September. The tax year reported herein represents the period from October 2, 2017, through September 30, 2018. Under Section 441 of the Internal Revenue Code, the Kennedy Center made an initial election to use a 52-53 week tax year in its Form 990 covering the taxable period beginning October 2, 2006, and ending on September 30, 2007. When the Internal Revenue Service responded to the Kennedy Center's request, it notified the Kennedy Center that it cannot accept a 52-53 week election for an exempt organization. Accordingly, and to ensure that the Internal Revenue Service would accept the Kennedy Center's current Form 990-T, the Kennedy Center changed the dates of its reporting period from the aforementioned dates to the period October 1, 2017, through September 30, 2018.

Disallowed transportation fringe benefits

110,303

Unrelated business taxable income (Page 1, Part II, Line 34)	21,193
Tax on line 1 figured using the tax rate schedule of tax computation worksheet for members of a controlled group	3,179
Tax on line 1 using the 21% rate	4,451
Multiply line 2 by the number of days in the corporations' tax year before 1/1/2018 (92)	292,462
Multiply line 3 by the number of days in the corporations' tax year after 1/1/2018 (273)	1,214,987
Divide line 4 by the total number of days in the corporation's tax year (365)	801
Divide line 5 by the total number of days in the corporation's tax year (365)	<u>3,329</u>
Add lines 6 and 7. The total tax for the fiscal year	4,130



Administrative support	169,470
Postage and delivery	32,250
Utilities/Security/Janitorial	24,882
Bank and credit card processing fees	49,479
Supplies and materials	18,253
Meetings and travel	10,385
Sales Marketing and Promotion	5,035
Software license fees	3,212
Depreciation of giftshop	6,926
Printing	2,838
Contracted services	1,715
Other	(198)
Training Dues and Subscriptions	474
Total Other Costs	<u>324,721</u>