

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**

Independent Auditor's Report and Consolidated Financial Statements

April 30, 2019 and 2018

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
April 30, 2019 and 2018

Contents

Independent Auditor's Report 1

Consolidated Financial Statements

Statements of Financial Position 3
Statements of Activities 4
Statements of Cash Flows 5
Notes to Consolidated Financial Statements 6

Supplementary Schedules

Consolidating Statement of Financial Position as of April 30, 2019 35
Consolidating Statement of Financial Position as of April 30, 2018 36
Consolidating Statement of Activities, Year Ended April 30, 2019 37
Consolidating Statement of Activities, Year Ended April 30, 2018 38

Independent Auditor's Report

The Board of Trustees
The Nelson Gallery Foundation and
The William Rockhill Nelson Trust
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of The Nelson Gallery Foundation and The William Rockhill Nelson Trust (collectively referred to as the "museum"), which comprise the consolidated statements of financial position as of April 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the museum as of April 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the consolidated financial statements, in 2019, the museum adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating statements of financial position and activities listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Kansas City, Missouri
October 11, 2019

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Consolidated Statements of Financial Position
April 30, 2019 and 2018
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash	\$ 5,746	\$ 11,614
Short-term investments	6,017	14,615
Accounts receivable	291	284
Contributions receivable, at fair value	4,173	3,352
Other receivables	91	69
Bookstore inventory and prepaid expenses	<u>413</u>	<u>406</u>
Total current assets	16,731	30,340
Investments	365,558	372,106
Contributions receivable, at fair value	57,524	56,673
Property and equipment, net	197,136	203,041
Trusts held by others	44,294	44,773
Accrued pension asset	<u>2,047</u>	<u>-</u>
Total assets	<u>\$ 683,290</u>	<u>\$ 706,933</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,936	\$ 2,862
Bond interest payable	866	1,100
Bonds payable	22,880	22,610
Accrued pension obligation	<u>-</u>	<u>5,255</u>
Total current liabilities	26,682	31,827
Bonds payable	<u>132,600</u>	<u>139,829</u>
Total liabilities	<u>159,282</u>	<u>171,656</u>
Net Assets		
Without donor restrictions		
General undesignated	6,676	1,233
Board designated	258,788	275,510
With donor restrictions	<u>258,544</u>	<u>258,534</u>
Total net assets	<u>524,008</u>	<u>535,277</u>
Total liabilities and net assets	<u>\$ 683,290</u>	<u>\$ 706,933</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust
Consolidated Statements of Activities
Years Ended April 30, 2019 and 2018**
(Dollars in thousands)

	April 30, 2019			April 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 6,453	\$ 7,964	\$ 14,417	\$ 7,207	\$ 3,057	\$ 10,264
Membership dues and fees	4,150	-	4,150	4,159	-	4,159
Admission fees	172	-	172	724	-	724
Program fees, royalties and other	447	-	447	549	-	549
Auxiliary activities	3,488	-	3,488	3,606	-	3,606
Program fees from The William Rockhill Nelson Trust	-	-	-	-	-	-
Net investment return designated for current use	23,752	6,139	29,891	18,172	4,905	23,077
Net assets released from restrictions						
Satisfaction of program restrictions	8,305	(8,305)	-	7,184	(7,184)	-
Satisfaction of time restrictions	2,638	(2,638)	-	2,379	(2,379)	-
Satisfaction of capital acquisition restrictions	1,310	(1,310)	-	76	(76)	-
Total support and revenue	<u>50,715</u>	<u>1,850</u>	<u>52,565</u>	<u>44,056</u>	<u>(1,677)</u>	<u>42,379</u>
Expenses						
Curators, design and conservation	7,264	-	7,264	7,382	-	7,382
Special exhibitions	3,305	-	3,305	4,032	-	4,032
Education and library	3,919	-	3,919	3,941	-	3,941
Administration	4,239	-	4,239	5,038	-	5,038
Operations and security	7,731	-	7,731	7,638	-	7,638
Auxiliary activities	3,163	-	3,163	3,288	-	3,288
Membership services	1,539	-	1,539	1,702	-	1,702
Development and public information	2,144	-	2,144	2,130	-	2,130
Depreciation	7,708	-	7,708	7,750	-	7,750
Interest and debt issuance cost amortization	3,300	-	3,300	3,353	-	3,353
Total expenses	<u>44,312</u>	<u>-</u>	<u>44,312</u>	<u>46,254</u>	<u>-</u>	<u>46,254</u>
Change in Net Assets Before Other Items	6,403	1,850	8,253	(2,198)	(1,677)	(3,875)
Other Items						
Proceeds from sale of works of art / library volumes	-	76	76	2	-	2
Contributions for works of art / library volumes	-	1,223	1,223	-	254	254
Net assets released to fund art / library acquisitions	-	-	-	104	(104)	-
Cost of acquisition of art objects / library volumes	(4)	(1,390)	(1,394)	(107)	(1,347)	(1,454)
Net investment return designated for art / library acquisitions	-	521	521	-	1,272	1,272
Net investment return in excess (deficit) of amounts designated for current operations and art / library acquisitions	(18,347)	(2,100)	(20,447)	1,686	5,890	7,576
Change in value of trusts held by others	-	(170)	(170)	-	1,516	1,516
Pension-related changes other than net periodic pension cost	669	-	669	2,158	-	2,158
Change in Net Assets	(11,279)	10	(11,269)	1,645	5,804	7,449
Net Assets, Beginning of Year, as Previously Reported				<u>273,312</u>	<u>254,516</u>	<u>527,828</u>
Adoption of ASU 2016-14				<u>1,786</u>	<u>(1,786)</u>	<u>-</u>
Net Assets, Beginning of Year, as Adjusted	<u>276,743</u>	<u>258,534</u>	<u>535,277</u>	<u>275,098</u>	<u>252,730</u>	<u>527,828</u>
Net Assets, End of Year	<u>\$ 265,464</u>	<u>\$ 258,544</u>	<u>\$ 524,008</u>	<u>\$ 276,743</u>	<u>\$ 258,534</u>	<u>\$ 535,277</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Consolidated Statements of Cash Flows
Years Ended April 30, 2019 and 2018
(Dollars in thousands)

	2019	2018
Operating Activities		
Change in net assets	\$ (11,269)	\$ 7,449
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	7,274	7,314
Net realized and unrealized gains on investments	(8,372)	(29,296)
Change in value of trusts held by others	170	(1,516)
Change in net assets due to acquisitions and dispositions of art and library collections	1,318	1,452
Loss on disposal of property and equipment	(196)	-
Contributions and investment income received restricted for Long-term investment	-	(151)
Acquisition of long-lived assets	(1,314)	(2,340)
Acquisition of art collections	(4,182)	(1,249)
Pension-related changes other than net periodic pension cost	(669)	(2,158)
Changes in		
Accounts and other receivables	280	190
Contributions receivables	(2,162)	435
Bookstore inventory and prepaid expenses	(7)	122
Accounts payable and accrued liabilities	(6,793)	1,407
	(25,922)	(18,341)
Investing Activities		
Purchase of investments	(63,318)	(102,044)
Proceeds from sale of investments	86,836	131,610
Proceeds from distributions of trusts held by others	-	-
Purchase of property and equipment	(2,078)	(1,861)
Proceeds from sale of property and equipment	471	-
Purchase of art and library collections	(1,394)	(1,454)
Proceeds from sale of art and library collections	76	2
	20,593	26,253
Financing Activities		
Contributions and investment income received restricted for		
Short-term investment	-	977
Long-term investment	-	226
Acquisition of long-lived assets	1,804	2,410
Acquisition of art collections	4,182	1,249
Principal payments on bonds payable	(6,525)	(6,255)
	(539)	(1,393)
Increase (Decrease) in Cash	(5,868)	6,519
Cash, Beginning of Year	11,614	5,095
Cash, End of Year	\$ 5,746	\$ 11,614
Supplemental Disclosure of Cash Flows Information		
Cash paid for interest	\$ 3,325	\$ 3,325

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Nelson Gallery Foundation (the Foundation) is a charitable trust created in 1954 by the trustees of The William Rockhill Nelson Trust (the Trust). The Foundation and the Trust are two separate legal entities; however, the Trust operates solely for the benefit of the Foundation. Consolidated financial statements are presented as a result of this relationship and the entities are collectively referred to as the “museum” in the accompanying consolidated financial statements.

A common Board of Trustees serve the Foundation and Trust. The Trust provides for acquisitions of art for public exhibitions as well as providing operational support for the Foundation. Support for the Foundation is provided through program fees, which are determined pursuant to the spending policy. For the years ended April 30, 2019 and 2018, the Trust provided \$1,788 and \$1,769, respectively, as support for the operation of the museum.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of the Foundation and the Trust. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investments in common trust funds and alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018

(Dollars in thousands)

Investment returns are classified as with donor restrictions or without donor restrictions based on the donor's intentions for the use of the income. Certain accumulated investment gains are classified as with donor restrictions, rather than without donor restrictions, due to donor preferences for use of the museum's spending policy. The spending policy determines investment returns that can be spent and investment returns that are retained as with donor restricted funds functioning as endowment.

The museum maintains pooled investment accounts for its endowments. Investment income, net of external and direct internal investment expenses, and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Short-term investments represent operating funds providing liquidity or funds that are intended to be added to long-term investments over time. These investments are invested in money market funds.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	15-40 years
Furniture, fixtures and equipment	3-10 years

Long-lived Asset Impairment

The museum evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended April 30, 2019 and 2018.

Trusts Held by Others

Trusts administered by third parties for the benefit of the museum are included in the consolidated financial statements, with changes in such amounts recorded in the consolidated statements of activities as changes in net assets with donor restrictions. Periodic distributions of income are received from these trusts and are reported in the consolidated statements of activities as revenues with or without donor restrictions based on donor stipulations within the original trust agreement. During the years ended April 30, 2019 and 2018, the museum received distributions of \$1,150 and \$1,279, respectively.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the museum either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the museum overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Reported at fair value by discounting the expected future cash flows

When a donor 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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributed Services

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The museum received 60,765 and 47,038 (unaudited) hours of contributed time during the years ended April 30, 2019 and 2018, respectively, from unpaid volunteers. These hours do not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements.

Collections

In conformity with accounting policies generally followed by art museums, the collections that were acquired through purchases by the Board of Trustees and contributions since the inception are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions are reflected as increases in net assets with donor restrictions.

The museum maintains comprehensive fine arts collections of approximately 42,000 (unaudited) pieces for the years ended April 30, 2019 and 2018, spanning approximately 5,000 years and many cultures. The respective collections are used for the purposes of exhibition, education, study, research, publications and loans to other museums. The collections are kept under curatorial care, including extensive conservation practices and specialized fine arts insurance coverage, and are subject to the museum's policies that require proceeds from the sale of collection items to be used only for acquisition of additional, same-collection items.

All collection items deaccessioned during the years ended April 30, 2019 and 2018, were placed on consignment with art dealers to be sold in the ordinary course of business; as a consequence, some deaccessioned items remain unsold on consignment at year-end. No collection items were given away, destroyed, lost or stolen during the years ended April 30, 2019 and 2018.

Income Taxes

The museum is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the museum is subject to federal income tax on any unrelated business taxable income. The museum files tax returns in the U.S. federal jurisdiction.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Revisions

Certain immaterial revisions have been made to the 2018 consolidated financial statements to gross up release from restrictions due to time previously netted within investment return. These revisions did not have a significant impact on the consolidated financial statement line items impacted.

Subsequent Events

Subsequent events have been evaluated through October 11, 2019, which is the date the consolidated financial statements were issued.

Note 2: Change in Accounting Principles

In 2019, the museum adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about an entity's liquidity and financial performance. The main provisions of the standard include: presentation of two classes of net assets versus the previously required three; enhanced disclosures for composition of net assets without donor restrictions, liquidity and availability of financial assets and expenses by both natural and functional classification. A summary of the beginning balance net asset reclassifications for the year ended April 30, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets, beginning of year, as previously reported			
Unrestricted	\$ 275,098	\$ (1,786)	\$ 273,312
Temporarily restricted	-	110,172	110,172
Permanently restricted	-	144,344	144,344
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year, as reclassified	<u>\$ 275,098</u>	<u>\$ 252,730</u>	<u>\$ 527,828</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

In 2019, the museum adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) using a modified retrospective method of adoption. Adoption of ASU 2014-09 did not have a material impact on the consolidated financial statements or notes to the consolidated financial statements.

In 2019, the museum adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Adoption of ASU 2018-08 did not have a material impact on the consolidated financial statements or notes to the consolidated financial statements.

Note 3: Contributions Receivable

Contributions receivable at April 30 consisted of the following unconditional promises to give with discount rates ranging from 1.9% to 8%:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 4,173	\$ 3,352
Due in one to five years	7,650	6,870
Due in more than five years	<u>68,056</u>	<u>69,481</u>
	79,879	79,703
Less		
Allowance for uncollectible contributions	(506)	(505)
Unamortized discount	<u>(17,676)</u>	<u>(19,173)</u>
	<u>\$ 61,697</u>	<u>\$ 60,025</u>

Bequests and other commitments amounting to \$24,530 and \$22,387 at April 30, 2019 and 2018, respectively, are considered to be conditional promises to give and, as such, have not been reflected in the accompanying consolidated financial statements.

Pursuant to an agreement entered into with a donor during the fiscal year ended April 30, 2004, the museum recorded a contribution receivable in the amount of \$60,000, net of discount. Under the terms of the agreement, the donor is unconditionally obligated to make contributions equal in amount to all required interest and principal payments as they become due on the outstanding Series 2004A tax-exempt bonds (see *Note 7*) for the purpose of meeting the museum's obligation to make such payments.

As permitted by Topic 825, the museum has elected to measure contributions receivable at fair value primarily due to the agreement discussed in the preceding paragraph. Under the fair value option, the contribution receivable associated with the agreement is adjusted on a recurring basis to correspond with the anticipated future cash flows for principle and interest payments on the related bonds payable based on current market interest rates. Changes in fair value of contributions receivable and the related offsetting changes in the unamortized discount in the table above resulted in no gains or losses on the accompanying consolidated statements of activities for the years ending April 30, 2019 and 2018.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 4: Investments and Fair Value Measurements and Disclosures

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2019 and 2018:

	2019				Investments Measured at NAV (A)
	Fair Value	Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
Short-term investments					
Money market funds	\$ 6,017	\$ 6,017	\$ -	\$ -	\$ -
Long-term investments					
Cash equivalents	657	657	-	-	-
Domestic equity securities	7,686	7,686	-	-	-
Common trust funds - U.S. fixed income strategies	82,510	-	-	-	82,510
Common trust funds - U.S. equity strategies	68,957	-	-	-	68,957
Common trust funds - international strategies	25,821	-	-	-	25,821
Alternative investments	179,927	-	-	-	179,927
Total long-term investments	365,558	8,343	-	-	357,215
Contributions receivable	61,697	-	61,697	-	-
Trusts held by others	44,294	-	9,110	35,184	-
	<u>\$ 477,566</u>	<u>\$ 14,360</u>	<u>\$ 70,807</u>	<u>\$ 35,184</u>	<u>\$ 357,215</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

	2018				Investments Measured at NAV (A)
	Fair Value Measurements Using				
	Fair Value	Level 1	Level 2	Level 3	
Short-term investments					
Money market funds	\$ 14,615	\$ 14,615	\$ -	\$ -	\$ -
Long-term investments					
Cash equivalents	162	162	-	-	-
Domestic equity securities	7,790	7,790	-	-	-
Common trust funds - U.S. fixed income strategies	78,386	-	-	-	78,386
Common trust funds - U.S. equity strategies	66,537	-	-	-	66,537
Common trust funds - international strategies	28,440	-	-	-	28,440
Alternative investments	190,791	-	-	-	190,791
Total long-term investments	372,106	7,952	-	-	364,154
Contributions receivable	60,025	-	60,025	-	-
Trusts held by others	44,773	-	9,405	35,368	-
	<u>\$ 491,519</u>	<u>\$ 22,567</u>	<u>\$ 69,430</u>	<u>\$ 35,368</u>	<u>\$ 364,154</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended April 30, 2019. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Short- and Long-term Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no Level 3 investments.

Contributions Receivable

The fair value of contributions receivable is estimated at the present value of the future payments expected to be received using rates of return on assets with similar cash flows and, therefore, are classified within Level 2 of the valuation hierarchy.

Trusts Held by Others

The fair value of the trusts held by others is estimated at the present value of the future distributions expected to be received over the term of the agreement, which is equivalent to the museum's beneficial interest in the fair value of the trust assets. Trusts held by others are classified within Level 2 of the hierarchy if the fair value of the underlying investments are determined through quoted market prices or other observable inputs and the museum expects to have the ability to redeem the trust assets in the near term. Beneficial interests in which the museum will never have the ability to redeem are classified within Level 3 of the hierarchy.

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at April 30, 2019 and 2018:

	Fair Value	Fair Value	Valuation	Unobservable	Range
	4/30/2019	4/30/2018	Technique	Inputs	(Weighted Average)
Trusts held by others	\$ 35,184	\$ 35,368	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	N/A

The change in fair value of trusts held by others for the years ended April 30, 2019 and 2018 was (\$184) and \$932, respectively.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Long-term Investments at Net Asset Value

At April 30, 2019 and 2018, the museum held the following investments in certain entities that calculate net asset value per share or its equivalent.

	Fair Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
	2019	2018	2019	2018		
Common trust fund - U.S. fixed income strategies (A)	\$ 82,510	\$ 78,386	N/A	N/A	Daily	2 days
Common trust fund - U.S. equity strategies (A)	68,957	66,537	N/A	N/A	Daily/Monthly	2 - 8 days
Common trust funds - international strategies (A)	25,821	28,440	N/A	N/A	Daily/Monthly	2 - 30 days
Global equity marketable partnerships (B)	63,544	80,845	N/A	N/A	Monthly/Semi- Monthly	10 - 30 days
Multi-strategy hedge funds (C)	22,688	23,115	N/A	N/A	Monthly	5 - 8 days
Multi-strategy hedge funds (C)	77,622	77,046	N/A	N/A	Limited	Quarterly/Semi- Annually/ Annually
Private equity funds (D)	14,588	7,920	\$ 15,485	\$ 15,244	Non-redeemable	None
Distressed opportunity funds (E)	1,485	1,865	3,120	3,058	Non-redeemable	None
	<u>\$ 357,215</u>	<u>\$ 364,154</u>	<u>\$ 18,605</u>	<u>\$ 18,302</u>		

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

- (A) Common trust funds permit the commingling or pooling of investors' money into one account (known as a common fund) for the purpose of creating a single investment. Because they are a bank product, common trust funds are not required to be registered with the Securities and Exchange Commission and they are not considered to be a security under state and federal securities laws. Much like mutual funds, common trust funds strike a net asset value on a periodic basis and have varying investment strategies that primarily include investments in traditional assets such as domestic and international equity, fixed income securities and other securities. The museum's investments in common trust funds may be redeemed at net asset value on a daily or monthly basis, depending on the fund.
- (B) Marketable partnership interests include investments in limited partnerships that seek capital appreciation and income by managing assets in investment pools, investment partnerships and similar entities (*i.e.*, a fund of funds). Fair value has been estimated using the net asset value per share of the investments. The marketable partnership interests are available for redemption on a semi-monthly or monthly basis, depending on the fund.
- (C) Multi-strategy hedge funds include investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Investments representing approximately 77% and 78% as of April 30, 2019 and 2018, respectively, of the value of investments in this category may be redeemed on a limited basis quarterly, semi-annually or annually. The remaining value of investments may be redeemed on a monthly basis.
- (D) Private equity funds are structured as closed-end, commitment-based investment funds where the museum commits a specified amount of capital upon inception of the fund (*i.e.*, committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit commitments by new or existing investors.
- (E) Distressed opportunity funds invest in direct and indirect investments in privately and publicly issued debt securities and privately issued equity securities of companies that are currently experiencing financial and/or operational distress. This fund will liquidate one year after the date by which all investments have been liquidated and all obligations have been terminated.

Note 5: Liquidity and Availability

The Nelson-Atkins Museum of Art receives significant contributions with donor restrictions to be used in accordance with a variety of specific purposes. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to support the restricted purpose designated by the donor, or to provide unrestricted support in the absence of a donor restriction, in accordance with the spending policy of the museum. The museum also receives gifts without restriction which are to be used at the discretion of the Board of Trustees. These gifts are viewed as quasi-endowment, as spending policy is applied to these funds as well. In addition, the museum receives support from contributions without donor restrictions, the sale of memberships, and earned auxiliary revenues generated through providing services to our visitors, in the course of fulfilling its mission.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Per its spending policy, the museum considers appropriations of investment income for donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Those include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the museum's fiscal year.

The museum manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that debt covenants, long-term grant commitments and obligations under endowment with donor restrictions and quasi endowment that support mission fulfillment will continue to be met, ensuring the sustainability of the museum.

The table below presents financial assets available for general expenditures within one year at April 30, 2019 (in thousands):

Cash	\$ 5,746
Short-term investments	6,017
Accounts receivable	291
Contributions receivable, at fair value	61,697
Other receivables	91
Investments	365,558
Trusts held by others	<u>44,294</u>
Total financial assets	<u>483,694</u>
Investments held in non-custodial trusts	44,294
Contributions receivable due after one year	57,524
Investments held for endowments	103,641
Investments held for quasi-endowments	<u>229,447</u>
Financial assets not available to be used within one year	<u>434,906</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 48,788</u></u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

The museum receives contributions and investment return from endowments restricted by donors and considers contributions and investment return generated from endowments restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended April 30, 2019, restricted contributions and restricted investment returns which have been appropriated in accordance with the museum's spending policy, but not yet spent, of \$7,946 were included in financial assets available to meet cash needs for general expenditures within one year.

Note 6: Property and Equipment

Property and equipment at April 30 consisted of:

	<u>2019</u>	<u>2018</u>
Land	\$ 9,621	\$ 9,447
Buildings and improvements	282,099	280,132
Furniture, fixtures and equipment	11,670	11,660
Capital lease	219	219
Construction-in-progress	610	1,344
	<u>304,219</u>	<u>302,802</u>
Less accumulated depreciation	<u>(107,083)</u>	<u>(99,761)</u>
	<u>\$ 197,136</u>	<u>\$ 203,041</u>

Note 7: Bonds Payable

Bonds payable at April 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Cultural Facilities Revenue Bonds, Series 2004A (A)	\$ 57,000	\$ 57,000
Cultural Facilities Revenue Bonds, Series 2008A (B)	60,000	60,000
Cultural Facilities Revenue Bonds, Series 2010A (C)	14,135	17,270
Cultural Facilities Revenue Bonds, Series 2012A (D)	23,780	27,170
	<u>154,915</u>	<u>161,440</u>
Add unamortized premium	1,664	2,187
Less unamortized debt issuance costs	(1,099)	(1,188)
Less current maturities of bonds payable, net	<u>(22,880)</u>	<u>(22,610)</u>
	<u>\$ 132,600</u>	<u>\$ 139,829</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

At the request of and for the benefit of the museum, the Missouri Development Finance Board (the MDFB), a bond issuer for Missouri nonprofit organizations, issued a total of six series of bonds and made the proceeds of such bonds available to the museum under separate loan agreements. Of these six series of bonds, two of them have been paid in full and the four remaining series are:

- (A) \$60,000 in tax-exempt, Variable Rate Demand Cultural Facilities Revenue Bonds were issued in April 2004. The proceeds were used to finance costs of improvements and additions to the museum, to pay interest during construction and other costs related to the issuance of the bonds. Payments on this series of bonds are secured by a donation agreement (see *Note 3*). The donor chose to make a voluntary \$3,000 reduction of the series balance in December 2014. Bonds are payable at various dates from 2029 through 2033 with daily interest rates ranging from 0.50% to 2.26% during fiscal years 2019 and 2018. The interest rates are reset daily by a remarketing agent based upon current market conditions.
- (B) \$108,500 in tax-exempt, Variable Rate Demand Cultural Facilities Revenue Bonds were issued in August 2008. The proceeds were used to refund and redeem variable rate bonds issued by the MDFB in 2001, to finance costs of improvements and additions to the museum, to pay interest during construction and other costs related to the issuance of the bonds. \$48,500 was refunded with the issuance of the Series 2012A Bonds. The bonds are payable December 1, 2037 with daily interest rates ranging from 0.51% to 2.26% during fiscal years 2019 and 2018. The interest rates are reset daily by a remarketing agent based upon current market conditions.
- (C) \$33,895 in tax-exempt, Cultural Facilities Revenue Bonds were issued in March 2010. The proceeds were used to refund and redeem a portion of the fixed rate bonds issued by the MDFB in 2001. The bonds are payable at various dates through 2022, with annual interest rates ranging from 3.50% to 5.00% during fiscal years 2019 and 2018.
- (D) \$42,415 in tax-exempt, Cultural Facilities Revenue Bonds were issued in August 2012. The proceeds were used to refund and redeem a portion of the MDFB's \$108,500 Series 2008A Bonds. The bonds are payable at various dates through 2024, with annual interest rates ranging from 3.00% to 5.00% during fiscal years 2019 and 2018.

The Series 2004A and 2008A Bonds are also subject to daily optional tender by the holders thereof and may become due as a result of such tender. The Series 2004A and 2008A Bonds are each supported by liquidity facilities in the form of standby bond purchase agreements. These agreements support the payment of the tender price for the variable rate term bonds and require that the principal of these bonds purchased by the liquidity provider that are not remarketed must be paid over a five-year period in ten equal semiannual installments and over a three-year period in six equal semiannual installments, respectively, beginning the first June or December that is at least six months after the purchase. If a purchase was to occur under the liquidity facilities, the museum would be required to make one principal payment within the next fiscal year; therefore, \$15,700 is classified as a current liability. While the bonds are held by the liquidity provider, the bonds bear interest at a market-based rate. The liquidity facilities related to the Series 2004A Bonds expire on January 22, 2022 and the Series 2008A Bonds expire on December 19, 2022.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

The liquidity facility supporting the Series 2008A Bonds requires the museum to comply with various covenants, including maintaining a liquidity ratio of at least 110% of puttable debt. At April 30, 2019 and 2018, the museum was in compliance with this financial covenant.

Aggregate annual maturities of bonds payable, assuming none of the bonds are tendered by the holder thereof and excluding the current portion amortization of bond premium and debt issuance costs of \$335, at April 30, 2019 are:

2020	\$	6,845
2021		7,185
2022		7,545
2023		7,810
2024		4,160
Thereafter		<u>121,370</u>
	<u>\$</u>	<u>154,915</u>

Total interest expense included in the consolidated statements of activities was \$3,389 and \$3,406 for the years ended April 30, 2019 and 2018, respectively.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions at April 30 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose		
Art acquisition	\$ 8,655	\$ 7,589
Curators and collections management		
Curatorial programs and galleries	9,730	9,031
Publications	409	444
Special exhibitions	1,519	348
Education and library	366	127
Conservation science	421	269
Technology initiative	1,011	1,912
Multiple program activities	-	10
Building, equipment and other	2,232	2,225
Contributions receivable, the proceeds from which have been restricted by donors for		
Art acquisition	-	5
Curators and collections management	948	1,626
Special exhibitions	836	-
Education and library	175	275
Conservation science	-	37
Technology initiative	-	250
Multiple program activities	2,200	-
Building, equipment and other	57,000	57,365
	<u>85,502</u>	<u>81,513</u>
Subject to the passage of time		
Trusts held by others	-	312
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until received, included within the endowment	538	467
	<u>538</u>	<u>779</u>
Subject to endowment spending policy and appropriation		
Curators and collections management		
Curatorial programs and galleries	38,915	39,908
Publications	1,584	1,645
Special exhibitions	8,043	8,281
Education and library	14,043	14,092
Conservation science	2,040	2,090
Art acquisition	7,609	8,295
Multiple program activities	10,484	10,786
General operations	45,492	46,684
Total endowments subject to spending policy	<u>128,210</u>	<u>131,781</u>
Not subject to endowment spending policy or appropriation		
Trusts held by others	44,294	44,461
Total net assets with donor restrictions	<u>\$ 258,544</u>	<u>\$ 258,534</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ -	\$ 75
Satisfaction of purpose restrictions		
Art acquisition	5	104
Curators and collections management		
Curatorial programs and galleries	544	422
Publications	97	112
Special exhibitions	1,312	1,404
Education and library	126	53
Conservation science	7	71
Technology initiative	1,424	732
Multiple program activities	1,302	849
Building, equipment and other	1,310	76
Distributions (proceeds are not restricted by donors)		
Trusts held by others	309	-
Purpose release of funds appropriated in accordance with spending policy		
Curators and collections management		
Curatorial programs and galleries	1,623	1,532
Publications	91	226
Special exhibitions	425	479
Education and library	718	689
Conservation science	82	70
Multiple program activities	549	545
Time release of funds appropriated in accordance with spending policy		
General operations	<u>2,329</u>	<u>2,304</u>
	<u>\$ 12,253</u>	<u>\$ 9,743</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 9: Endowment

The museum's endowment consists of numerous individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The museum's governing body is subject to the State of Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA), and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing body of the museum has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the museum considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The museum has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the museum and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the museum
7. Investment policies of the museum

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

The composition of net assets by type of endowment fund at April 30 was:

	Without Donor Restrictions	With Donor Restrictions	Total
April 30, 2019			
Board-designated funds	\$ 224,054	\$ -	\$ 224,054
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	92,326	92,326
Accumulated investment gains	-	36,422	36,422
	<u>\$ 224,054</u>	<u>\$ 128,748</u>	<u>\$ 352,802</u>
Total endowment funds	<u>\$ 224,054</u>	<u>\$ 128,748</u>	<u>\$ 352,802</u>
April 30, 2018			
Board-designated funds	\$ 242,924	\$ -	\$ 242,924
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	92,831	92,831
Accumulated investment gains	-	39,417	39,417
	<u>\$ 242,924</u>	<u>\$ 132,248</u>	<u>\$ 375,172</u>
Total endowment funds	<u>\$ 242,924</u>	<u>\$ 132,248</u>	<u>\$ 375,172</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Changes in endowment net assets for the years ended April 30 were:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 242,924	\$ 132,248	\$ 375,172
Net investment return	5,161	3,256	8,417
Contributions	-	70	70
Appropriation of endowment assets for expenditure	(24,031)	(6,826)	(30,857)
Endowment net assets, end of year	<u>\$ 224,054</u>	<u>\$ 128,748</u>	<u>\$ 352,802</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 243,153	\$ 128,285	\$ 371,438
Net investment return	18,655	10,272	28,927
Contributions	10	170	180
Appropriation of endowment assets for expenditure	(18,969)	(6,404)	(25,373)
Other transfers	75	(75)	-
Endowment net assets, end of year	<u>\$ 242,924</u>	<u>\$ 132,248</u>	<u>\$ 375,172</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Return Objectives and Risk Parameters

The museum adopted an investment and spending policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowment funds that the museum must hold in perpetuity or for a donor-specific period(s), as well as board-designated endowment funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an average annual real total return of at least 5%-6% with a standard deviation of returns in the range of 12%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy their long-term rate-of-return objectives, the museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The museum targets a diversified asset allocation that places a greater emphasis on equity-based alternative investments to achieve their long-term objective within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The current spending policy of the museum is made up of support generated from the operating endowments and support generated from a separate board-designated endowment fund. Support from the operating endowments are calculated: (1) at approximately 30% of the long-term spending rate of 5% applied to the average of the four calendar quarter, average market values of the endowments, plus (2) 70% of the endowment spending allowed for the previous fiscal year, adjusted for inflation. Support is appropriated from endowment gifts received after December 31 of the preceding calendar year at 5% of the gift amount, prorated on a monthly basis.

Board-designated funds are also maintained to which spending policy does not apply. These funds provide support for a variety of purposes, including capital projects, debt service, special projects and operations. The Finance Committee, as part of the annual budget proposal, recommends a level of capital and operational support to be provided by these funds for the coming year. For the fiscal years ended April 30, 2019 and 2018, the Board of Trustees approved \$6,585 and \$387, respectively, in support of additional operational support of pension transition costs from these funds.

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 or UPMIFA requires the museum to retain as a fund of perpetual duration. At April 30, 2019 and 2018, funds with original gift values of \$24,956 and \$23,456; fair values of \$23,150 and \$22,265; and deficiencies of \$1,806 and \$1,191, respectively, and were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 10: Functional Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis below for the years ended April 30, 2019 and 2018. Below presents the natural classification detail of expenses by function. Certain costs have been allocated among program, management and general and fundraising categories based on the time expended, usage and other methods.

April 30, 2019	Program Services				Support Services			Total
	Curatorial	Education	Exhibitions	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 6,205	\$ 4,613	\$ 2,070	\$ 12,888	\$ 4,072	\$ 2,023	\$ 6,095	\$ 18,983
Professional fees and services	1,023	1,173	1,962	4,158	769	490	1,259	5,417
Occupancy	799	720	725	2,244	397	130	527	2,771
Equipment and supplies	441	505	1,374	2,320	553	493	1,046	3,366
Advertising	19	79	313	411	32	50	82	493
Travel and events	207	73	108	388	116	61	177	565
Insurance	282	53	53	388	25	10	35	423
Costs of good sold	300	313	307	920	19	70	89	1,009
Interest	902	902	902	2,706	429	165	594	3,300
Depreciation	2,107	2,107	2,107	6,321	1,002	385	1,387	7,708
Other	64	125	25	214	2	61	63	277
	<u>\$ 12,349</u>	<u>\$ 10,663</u>	<u>\$ 9,946</u>	<u>\$ 32,958</u>	<u>\$ 7,416</u>	<u>\$ 3,938</u>	<u>\$ 11,354</u>	<u>\$ 44,312</u>

April 30, 2018	Program Services				Support Services			Total
	Curatorial	Education	Exhibitions	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and benefits	\$ 6,390	\$ 4,747	\$ 2,020	\$ 13,157	\$ 4,729	\$ 1,875	\$ 6,604	\$ 19,761
Professional fees and services	1,217	949	2,033	4,199	718	461	1,179	5,378
Occupancy	816	589	595	2,000	301	107	408	2,408
Equipment and supplies	438	632	1,936	3,006	677	530	1,207	4,213
Advertising	16	107	316	439	35	85	120	559
Travel and events	274	85	130	489	154	52	206	695
Insurance	163	52	326	541	25	12	37	578
Costs of good sold	337	344	332	1,013	25	115	140	1,153
Interest	912	918	918	2,748	437	168	605	3,353
Depreciation	2,118	2,118	2,118	6,354	1,008	388	1,396	7,750
Other	40	146	2	188	87	131	218	406
	<u>\$ 12,721</u>	<u>\$ 10,687</u>	<u>\$ 10,726</u>	<u>\$ 34,134</u>	<u>\$ 8,196</u>	<u>\$ 3,924</u>	<u>\$ 12,120</u>	<u>\$ 46,254</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Note 11: Defined Contribution Plan

The museum froze its employer-sponsored defined-benefit pension plan effective July 2, 2017 and terminated the Plan effective December 31, 2018. It was replaced with an employer-sponsored 403(b) plan covering substantially all employees, which became effective July 1, 2018. The museum provides a 2% non-discretionary contribution for all eligible employees and a 50% match of the employee's discretionary deferred contributions up to a maximum employee contribution of 10%. The plan provided a one-time special discretionary contribution (approximately equal to 7% of each participant's cumulative pay from January 1, 2018 through the pay period ending June 30, 2018). The purpose of this one-time transition contribution was to provide an employer contribution for the period from the date the defined benefit plan was frozen to the inception of this plan. The 7% represents the 2% fixed non-elective contribution plus the maximum employer match of 5%. Pension expense for this plan was \$791 and \$308 for the years ended April 30, 2019 and 2018, respectively.

Note 12: Pension Plan

The museum has a noncontributory defined-benefit pension plan covering all of its salaried and certain hourly employees. The benefits are based on years of service and the participant's final average earnings as defined by the plan. Effective December 31, 2017, the museum froze the plan and expects an effective termination of December 31, 2018 and full liquidation by October 31, 2019. The museum's policy is to make quarterly contributions to the plan equal to minimum amounts required under its funding policy in accordance with the *Employee Retirement Income Security Act of 1974* (ERISA), as determined by an actuary. The museum does not expect to contribute to the plan in 2020.

The museum uses an April 30 measurement date for the plan. Information about the plan's funded status follows:

	2019	2018
Benefit obligation	\$ 7,451	\$ 18,061
Fair value of plan assets	9,498	12,806
Funded status	\$ 2,047	\$ (5,255)

Due to planned termination and liquidation, the entire accrued pension obligation was presented as a current liability as of April 30, 2018 within the consolidated statement of financial position. As the plan was over funded as of April 30, 2019, the amount expected to be returned to the museum is presented as a non-current asset as of April 30, 2019, within the consolidated statement of financial position.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Reconciliation of beginning and ending benefit obligation:

	<u>2019</u>	<u>2018</u>
Benefit obligation, beginning of year	\$ 18,061	\$ 17,826
Service costs	-	746
Interest costs	-	715
Actuarial loss	554	84
Assumption changes	-	147
Curtailment gain - plan freeze	-	(1,860)
Special termination benefit loss - enhanced benefit option	-	1,171
Benefits paid	<u>(11,164)</u>	<u>(768)</u>
Benefit obligation, end of year	<u>\$ 7,451</u>	<u>\$ 18,061</u>

Reconciliation of beginning and ending fair value of plan assets:

	<u>2019</u>	<u>2018</u>
Fair value of plan assets, beginning of year	\$ 12,806	\$ 11,333
Actual gain on plan assets	417	991
Employer contributions	7,439	1,250
Benefits paid	<u>(11,164)</u>	<u>(768)</u>
Fair value of plan assets, end of year	<u>\$ 9,498</u>	<u>\$ 12,806</u>

Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

	<u>2019</u>	<u>2018</u>
Net loss	<u>\$ 1,906</u>	<u>\$ 2,575</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

The components of net periodic benefit cost consist of:

	<u>2019</u>	<u>2018</u>
Service cost	\$ -	\$ 746
Interest costs	-	715
Expected return on plan assets	37	(718)
Special termination benefit loss - enhanced benefit option	-	1,171
Settlement loss	2,628	-
Amortization of net loss	<u>(1,859)</u>	<u>255</u>
Net periodic benefit cost	<u>\$ 806</u>	<u>\$ 2,169</u>

Other changes in plan assets and benefit obligations recognized in change in net assets:

	<u>2019</u>	<u>2018</u>
Amounts arising during the period		
Net (gain) loss	\$ 100	\$ (190)
Curtailment gain - plan freeze	-	(1,860)
Amounts reclassified as components of net periodic benefit costs of the period		
Amortization of net loss	1,859	(255)
Settlement loss	(2,628)	-
Assumption changes	<u>-</u>	<u>147</u>
Pension-related changes other than net periodic pension costs	<u>\$ (669)</u>	<u>\$ (2,158)</u>

Given the planned termination as of December 31, 2018 and full liquidation by October 31, 2019, the entire net loss of \$1,906 will be recognized into net periodic benefit costs over the next fiscal year.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Significant assumptions include:

	2019	2018
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.9%	3.9% 3% thru 12/31/17
Rate of compensation increase	0.0%	0% thereafter
Weighted-average assumptions used to determine benefit costs		
Discount rate	3.9%	3.9%
Expected long-term rate of return	3.9%	6.3% 3% thru 12/31/17
Rate of compensation increase	0.0%	0% thereafter
Mortality tables	IRS 2019 Applicable Mortality for Lump Sums	IRS 2018 Applicable Mortality for Lump Sums

The current assumption for the expected long-term rate of return on plan assets is determined by analyzing: (1) historical average returns, (2) historical data on the volatility of returns, (3) current yields available in the marketplace, (4) actual returns on plan assets, and (5) current and anticipated future allocation among asset classes. The long-term rate of return decreased for changes in target portfolio allocations due to the expected full liquidation of the plan.

As of April 30, 2019, \$7,451 are expected to be paid in benefit payments.

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018

(Dollars in thousands)

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include mutual funds and domestic equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. The plan holds no Level 3 assets.

The fair values of the museum's pension plan assets at April 30, 2019 and 2018, by asset class are as follows:

	Fair Value	2019		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Mutual funds				
Money market fund	\$ 9,000	\$ 9,000	\$ -	\$ -
Corporate bonds	115	-	115	-
Other	383	383	-	-
	<u>\$ 9,498</u>	<u>\$ 9,383</u>	<u>\$ 115</u>	<u>\$ -</u>

	Fair Value	2018		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Mutual funds				
Money market fund	\$ 819	\$ 819	\$ -	\$ -
Fixed income funds	552	552	-	-
Domestic equity funds	1,973	1,973	-	-
International equity funds	1,677	1,677	-	-
Domestic equity securities	2,555	2,555	-	-
Fixed income securities				
U.S. government and agency obligations	2,326	-	2,326	-
Corporate bonds	2,660	-	2,660	-
Other	244	244	-	-
	<u>\$ 12,806</u>	<u>\$ 7,820</u>	<u>\$ 4,986</u>	<u>\$ -</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Prior to October 2017, the stated target mix by asset class for the plan was equity securities, 35% to 65%; fixed income securities, 30% to 60%; and cash equivalents, 0% to 15%. In October 2017, due to the planned termination and liquidation, the Plan adopted a new policy stating target mix by asset class for the plan is equity securities, 0% to 60%; fixed income securities, 35% to 100%; and cash equivalents, 5% to 100%. Target allocations will adjust to become more conservative and more liquid as the date for final distribution approaches. The strategic goal is to achieve an optimal rate of return at an acceptable level of investment risk in order to provide for the payment of benefits. Invested assets in the plan are large cap equities; small cap equities; international equities; high-quality, fixed income securities; and cash equivalents.

The actual asset allocation percentages for 2019 and 2018 are as follows:

	2019	2018
Asset category		
Equity securities	4%	48%
Fixed income securities	1%	45%
Cash equivalents	95%	7%
	100%	100%

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Cash

At April 30, 2019 and 2018, the museum's cash accounts exceeded federally insured limits by \$5,131 and \$4,948, respectively.

Contributions Receivable

Approximately 92% and 95% of all contributions receivable were from one donor in 2019 and 2018, respectively. As discussed in *Notes 3* and *7*, the large outstanding contribution receivable relates to the guarantee received on the Series 2004A tax-exempt bonds.

Investments

The museum invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Notes to Consolidated Financial Statements
April 30, 2019 and 2018
(Dollars in thousands)

Pension Benefit Obligations

The museum has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit plan obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Functional Expense

Significant estimates relating to the allocation of expenses on a functional basis are described in *Note 10*.

General Litigation

The museum is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of the museum. Events could occur that would change this estimate materially in the near term.

Supplementary Schedules

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Consolidating Statement of Financial Position
April 30, 2019
(Dollars in thousands)

	The Nelson Gallery Foundation	The William Rockhill Nelson Trust	Consolidated
Assets			
Current assets			
Cash	\$ 3,246	\$ 2,500	\$ 5,746
Short-term investments	3,292	2,725	6,017
Accounts receivable	291	-	291
Contributions receivable, at fair value	4,173	-	4,173
Other receivables	91	-	91
Bookstore inventory and prepaid expenses	413	-	413
Total current assets	11,506	5,225	16,731
Investments	329,010	36,548	365,558
Contributions receivable, at fair value	57,524	-	57,524
Property and equipment, net	197,106	30	197,136
Trusts held by others	19,251	25,043	44,294
Accrued pension asset	2,047	-	2,047
Total assets	<u>\$ 616,444</u>	<u>\$ 66,846</u>	<u>\$ 683,290</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 2,921	\$ 15	\$ 2,936
Bond interest payable	866	-	866
Bonds payable	22,880	-	22,880
Total current liabilities	26,667	15	26,682
Bonds payable	132,600	-	132,600
Total liabilities	<u>159,267</u>	<u>15</u>	<u>159,282</u>
Net Assets			
Without donor restrictions			
General undesignated	6,676	-	6,676
Board designated	258,788	-	258,788
With donor restrictions	191,713	66,831	258,544
Total net assets	<u>457,177</u>	<u>66,831</u>	<u>524,008</u>
Total liabilities and net assets	<u>\$ 616,444</u>	<u>\$ 66,846</u>	<u>\$ 683,290</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
Consolidating Statement of Financial Position
April 30, 2018
(Dollars in thousands)

	The Nelson Gallery Foundation	The William Rockhill Nelson Trust	Consolidated
Assets			
Current assets			
Cash	\$ 9,114	\$ 2,500	\$ 11,614
Short-term investments	12,296	2,319	14,615
Accounts receivable	284	-	284
Contributions receivable, at fair value	3,352	-	3,352
Other receivables	69	-	69
Bookstore inventory and prepaid expenses	406	-	406
Total current assets	25,521	4,819	30,340
Investments	334,679	37,427	372,106
Contributions receivable, at fair value	56,673	-	56,673
Property and equipment, net	203,011	30	203,041
Trusts held by others	19,815	24,958	44,773
Total assets	<u>\$ 639,699</u>	<u>\$ 67,234</u>	<u>\$ 706,933</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 2,862	\$ -	\$ 2,862
Bond interest payable	1,100	-	1,100
Bonds payable	22,610	-	22,610
Accrued pension obligation	5,255	-	5,255
Total current liabilities	31,827	-	31,827
Bonds payable	139,829	-	139,829
Total liabilities	<u>171,656</u>	<u>-</u>	<u>171,656</u>
Net Assets			
Without donor restrictions			
General undesignated	1,233	-	1,233
Board designated	275,510	-	275,510
With donor restrictions	191,300	67,234	258,534
Total net assets	<u>468,043</u>	<u>67,234</u>	<u>535,277</u>
Total liabilities and net assets	<u>\$ 639,699</u>	<u>\$ 67,234</u>	<u>\$ 706,933</u>

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust
Consolidating Statement of Activities
Year Ended April 30, 2019**
(Dollars in thousands)

	The Nelson Gallery Foundation			The William Rockhill Nelson Trust			Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total Foundation	Without Donor Restrictions	With Donor Restrictions	Total Trust	
Support and Revenue							
Contributions	\$ 6,453	\$ 7,964	\$ 14,417	\$ -	\$ -	\$ -	\$ 14,417
Membership dues and fees	4,150	-	4,150	-	-	-	4,150
Admission fees	172	-	172	-	-	-	172
Program fees, royalties and other	447	-	447	-	-	-	447
Auxiliary activities	3,488	-	3,488	-	-	-	3,488
Program fees from The William Rockhill Nelson Trust	1,788	-	1,788	(1,788)	-	(1,788)	-
Net investment return designated for current use	23,752	6,155	29,907	-	(16)	(16)	29,891
Net assets released from restrictions							
Satisfaction of program restrictions	8,305	(8,305)	-	-	-	-	-
Satisfaction of time restrictions	850	(850)	-	1,788	(1,788)	-	-
Satisfaction of capital acquisition restrictions	1,310	(1,310)	-	-	-	-	-
Total support and revenue	50,715	3,654	54,369	-	(1,804)	(1,804)	52,565
Expenses							
Curators, design and conservation	7,264	-	7,264	-	-	-	7,264
Special exhibitions	3,305	-	3,305	-	-	-	3,305
Education and library	3,919	-	3,919	-	-	-	3,919
Administration	4,239	-	4,239	-	-	-	4,239
Operations and security	7,731	-	7,731	-	-	-	7,731
Auxiliary activities	3,163	-	3,163	-	-	-	3,163
Membership services	1,539	-	1,539	-	-	-	1,539
Development and public information	2,144	-	2,144	-	-	-	2,144
Depreciation	7,708	-	7,708	-	-	-	7,708
Interest and debt issuance cost amortization	3,300	-	3,300	-	-	-	3,300
Total expenses	44,312	-	44,312	-	-	-	44,312
Change in Net Assets Before Other Items	6,403	3,654	10,057	-	(1,804)	(1,804)	8,253
Other Items							
Proceeds from sale of works of art / library volumes	-	-	-	-	76	76	76
Contributions for works of art / library volumes	-	1,223	1,223	-	-	-	1,223
Net assets released to fund art / library acquisitions	-	-	-	-	-	-	-
Cost of acquisition of art objects / library volumes	(4)	(1,149)	(1,153)	-	(241)	(241)	(1,394)
Net investment return designated for art / library acquisitions	-	-	-	-	521	521	521
Net investment return in excess of amounts designated for current operations and art / library acquisitions	(18,347)	(3,060)	(21,407)	-	960	960	(20,447)
Change in value of trusts held by others	-	(255)	(255)	-	85	85	(170)
Pension-related changes other than net periodic pension cost	669	-	669	-	-	-	669
Change in Net Assets	(11,279)	413	(10,866)	-	(403)	(403)	(11,269)
Net Assets, Beginning of Year	276,743	191,300	468,043	-	67,234	67,234	535,277
Net Assets, End of Year	\$ 265,464	\$ 191,713	\$ 457,177	\$ -	\$ 66,831	\$ 66,831	\$ 524,008

**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust
Consolidating Statement of Activities
Year Ended April 30, 2018
(Dollars in thousands)**

	The Nelson Gallery Foundation			The William Rockhill Nelson Trust			Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total Foundation	Without Donor Restrictions	With Donor Restrictions	Total Trust	
Support and Revenue							
Contributions	\$ 7,207	\$ 3,057	\$ 10,264	\$ -	\$ -	\$ -	\$ 10,264
Membership dues and fees	4,159	-	4,159	-	-	-	4,159
Admission fees	724	-	724	-	-	-	724
Program fees, royalties and other	549	-	549	-	-	-	549
Auxiliary activities	3,606	-	3,606	-	-	-	3,606
Program fees from The William Rockhill Nelson Trust	1,769	-	1,769	(1,769)	-	(1,769)	-
Net investment return designated for current use	18,172	4,920	23,092	-	(15)	(15)	23,077
Net assets released from restrictions							
Satisfaction of program restrictions	7,184	(7,184)	-	-	-	-	-
Satisfaction of time restrictions	610	(610)	-	1,769	(1,769)	-	-
Satisfaction of capital acquisition restrictions	76	(76)	-	-	-	-	-
	44,056	107	44,163	-	(1,784)	(1,784)	42,379
Total support and revenue							
Expenses							
Curators, design and conservation	7,382	-	7,382	-	-	-	7,382
Special exhibitions	4,032	-	4,032	-	-	-	4,032
Education and library	3,941	-	3,941	-	-	-	3,941
Administration	5,038	-	5,038	-	-	-	5,038
Operations and security	7,638	-	7,638	-	-	-	7,638
Auxiliary activities	3,288	-	3,288	-	-	-	3,288
Membership services	1,702	-	1,702	-	-	-	1,702
Development and public information	2,130	-	2,130	-	-	-	2,130
Depreciation	7,750	-	7,750	-	-	-	7,750
Interest and debt issuance cost amortization	3,353	-	3,353	-	-	-	3,353
	46,254	-	46,254	-	-	-	46,254
Total expenses							
Change in Net Assets Before Other Items	(2,198)	107	(2,091)	-	(1,784)	(1,784)	(3,875)
Other Items							
Proceeds from sale of works of art / library volumes	2	-	2	-	-	-	2
Contributions for works of art / library volumes	-	254	254	-	-	-	254
Net assets released to fund art / library acquisitions	104	(104)	-	-	-	-	-
Cost of acquisition of art objects / library volumes	(107)	(1,347)	(1,454)	-	-	-	(1,454)
Net investment return designated for art / library acquisitions	-	572	572	-	700	700	1,272
Net investment return in excess of amounts designated for current operations and art / library acquisitions	1,686	3,019	4,705	-	2,871	2,871	7,576
Change in value of trusts held by others	-	1,181	1,181	-	335	335	1,516
Pension-related changes other than net periodic pension cost	2,158	-	2,158	-	-	-	2,158
	1,645	3,682	5,327	-	2,122	2,122	7,449
Change in Net Assets							
Net Assets, Beginning of Year, as Previously Reported	273,312	189,404	462,716	-	65,112	65,112	527,828
Adoption of ASU 2016-14	1,786	(1,786)	-	-	-	-	-
Net Assets, Beginning of Year, as Adjusted	275,098	187,618	462,716	-	65,112	65,112	527,828
Net Assets, End of Year	\$ 276,743	\$ 191,300	\$ 468,043	\$ -	\$ 67,234	\$ 67,234	\$ 535,277