

**Whitney Museum of
American Art**
Financial Statements
June 30, 2020 and 2019

Whitney Museum of American Art

Table of Contents

	Page(s)
Report of Independent Certified Public Accountants	1–2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4–5
Statements of Functional Expenses.....	6–7
Statements of Cash Flows	8
Notes to Financial Statements	9

GRANT THORNTON LLP
757 Third Avenue, 9th Floor
New York, NY 10017

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Whitney Museum of American Art

Report on the financial statements

We have audited the accompanying financial statements of Whitney Museum of American Art (the “Museum”), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum’s preparation and fair presentation of the 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 Museum’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 financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitney Museum of American Art as of June 30, 2020 and 2019, 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.

Grant Thornton LLP

New York, New York
October 28, 2020

Whitney Museum of American Art
Statements of Financial Position
As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 14,204,000	\$ 17,629,000
Accounts and notes receivable, net	1,226,000	2,420,000
Contributions and grants receivable, net	21,739,000	32,221,000
Publications and sales inventory	4,450,000	4,299,000
Prepaid expenses and other assets	30,562,000	5,493,000
Investments	491,617,000	463,473,000
Property, plant and equipment, net	373,973,000	381,573,000
Collections	-	-
	<u>937,771,000</u>	<u>907,108,000</u>
Total assets	<u>\$ 937,771,000</u>	<u>\$ 907,108,000</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,174,000	\$ 7,508,000
Deferred revenue	596,000	877,000
Deferred traveling and accrued exhibition fees	720,000	4,625,000
Bond interest payable	2,501,000	2,501,000
Bonds payable, net of premium and deferred issuance costs	100,475,000	100,928,000
Loans and lines of credit payable	10,593,000	-
Accrued pension obligation	7,522,000	5,285,000
	<u>127,581,000</u>	<u>121,724,000</u>
Total liabilities	<u>127,581,000</u>	<u>121,724,000</u>
NET ASSETS		
Net assets without donor restrictions:		
Operating	127,728,000	134,093,000
Board-designated for endowment	48,018,000	48,569,000
Plant and equipment funded by designated gifts	243,216,000	250,513,000
	<u>418,962,000</u>	<u>433,175,000</u>
Total net assets without donor restrictions	<u>418,962,000</u>	<u>433,175,000</u>
Net assets with donor restrictions	<u>391,228,000</u>	<u>352,209,000</u>
	<u>810,190,000</u>	<u>785,384,000</u>
Total net assets	<u>810,190,000</u>	<u>785,384,000</u>
Total liabilities and net assets	<u>\$ 937,771,000</u>	<u>\$ 907,108,000</u>

The accompanying notes are an integral part of these financial statements.

Whitney Museum of American Art
Statement of Activities
For the year ended June 30, 2020

	Net Assets without Donor Restrictions			Net Assets with Donor Restrictions	2020 Total	2019 Total
	Operating	Board-Designated for Endowment	Plant and Equipment Funded by Designated Gifts			
OPERATING REVENUE AND SUPPORT						
Admissions	\$ 5,883,000	\$ -	\$ -	\$ 5,883,000	\$ -	\$ 5,883,000
Memberships	7,817,000	-	-	7,817,000	-	7,817,000
Contributions for operations	7,364,000	-	-	7,364,000	-	7,364,000
Contributions for programs	-	-	-	-	60,117,000	60,117,000
Contributions for endowments	-	-	-	-	3,530,000	3,530,000
Benefit and special event income, net of \$489,000 of related expenses	4,390,000	-	-	4,390,000	-	4,390,000
Investment return designated for current operations	15,839,000	-	-	15,839,000	-	15,839,000
Publications and sales income, net of \$1,257,000 of cost of goods sold	691,000	-	-	691,000	-	691,000
Traveling exhibition fees, net of \$3,514,000 of related expenses	945,000	-	-	945,000	-	945,000
Fees, royalties and other	5,554,000	-	-	5,554,000	-	5,554,000
Net assets released from restrictions to fund operations	10,200,000	-	-	10,200,000	(10,200,000)	-
Total operating revenue and support	58,683,000	-	-	58,683,000	53,447,000	112,130,000
OPERATING EXPENSES						
Program expenses						
Exhibitions	20,129,000	-	2,082,000	22,211,000	-	22,211,000
Conservation and curatorial	5,021,000	-	4,231,000	9,252,000	-	9,252,000
Education programs	3,768,000	-	783,000	4,551,000	-	4,551,000
Memberships	3,620,000	-	537,000	4,157,000	-	4,157,000
Retail, special events and publications	2,189,000	-	492,000	2,681,000	-	2,681,000
Total program expenses	34,727,000	-	8,125,000	42,852,000	-	42,852,000
Supporting services expenses						
Management and general	18,719,000	-	783,000	19,502,000	26,000	19,528,000
Fundraising	2,194,000	-	492,000	2,686,000	-	2,686,000
Reserve for doubtful accounts	-	-	-	-	-	-
Total supporting services expenses	20,913,000	-	1,275,000	22,188,000	26,000	22,214,000
Total operating expenses	55,640,000	-	9,400,000	65,040,000	26,000	65,066,000
Excess (deficiency) of operating revenues and support over operating expenses	3,043,000	-	(9,400,000)	(6,357,000)	53,421,000	47,064,000
NON-OPERATING ACTIVITIES						
Investment return utilized for non-operating expenses	-	(551,000)	-	(551,000)	(3,454,000)	(4,005,000)
Interest expense, net of bond premium and issuance costs amortization	-	-	(4,549,000)	(4,549,000)	-	(4,549,000)
Net assets released for purchases of art	-	13,661,000	-	13,661,000	(13,661,000)	-
Purchases of art	-	(13,661,000)	-	(13,661,000)	-	(9,071,000)
Collection items sold	-	-	-	-	-	904,000
Investment return on non-endowment assets	2,416,000	-	-	2,416,000	223,000	2,639,000
Net assets transferred for interest payments	(6,652,000)	-	6,652,000	-	-	-
Net assets reclassified	(2,490,000)	-	-	(2,490,000)	2,490,000	-
Net periodic pension charges other than service cost	157,000	-	-	157,000	-	157,000
Change in post-retirement health and other benefits other than net periodic pension charges	(2,839,000)	-	-	(2,839,000)	-	(1,986,000)
Changes in net assets	(6,365,000)	(551,000)	(7,297,000)	(14,213,000)	39,019,000	24,806,000
NET ASSETS						
Beginning of year	134,093,000	48,569,000	250,513,000	433,175,000	352,209,000	785,384,000
End of year	\$ 127,728,000	\$ 48,018,000	\$ 243,216,000	\$ 418,962,000	\$ 391,228,000	\$ 785,384,000

The accompanying notes are an integral part of this financial statement.

Whitney Museum of American Art
Statement of Activities
For the year ended June 30, 2019

	Net Assets without Donor Restrictions			Total	Net Assets with Donor Restrictions	2019 Total
	Operating	Board- Designated for Endowment	Plant and Equipment Funded by Designated Gifts			
OPERATING REVENUE AND SUPPORT						
Admissions	\$ 13,567,000	\$ -	\$ -	\$ 13,567,000	\$ -	\$ 13,567,000
Memberships	11,068,000	-	-	11,068,000	-	11,068,000
Contributions for operations	8,793,000	-	-	8,793,000	-	8,793,000
Contributions for programs	-	-	-	-	19,892,000	19,892,000
Contributions for endowments	-	-	-	-	12,031,000	12,031,000
Benefit and special event income, net of \$1,688,000 of related expenses	4,693,000	-	-	4,693,000	-	4,693,000
Investment return designated for current operations	15,020,000	-	-	15,020,000	-	15,020,000
Publications and sales income, net of \$2,943,000 of cost of goods sold	1,783,000	-	-	1,783,000	-	1,783,000
Traveling exhibition fees, net of \$1,080,000 of related expenses	579,000	-	-	579,000	-	579,000
Fees, royalties and other	4,405,000	-	-	4,405,000	-	4,405,000
Net assets released from restrictions for operations	9,485,000	-	-	9,485,000	(9,485,000)	-
Total operating revenue and support	69,393,000	-	-	69,393,000	22,438,000	91,831,000
OPERATING EXPENSES						
Program expenses						
Exhibitions	26,799,000	-	2,638,000	29,437,000	-	29,437,000
Conservation and curatorial	5,515,000	-	3,189,000	8,704,000	-	8,704,000
Education programs	4,409,000	-	787,000	5,196,000	-	5,196,000
Memberships	4,714,000	-	354,000	5,068,000	-	5,068,000
Retail, special events and publications	2,559,000	-	512,000	3,071,000	-	3,071,000
Total program expenses	43,996,000	-	7,480,000	51,476,000	-	51,476,000
Supporting services expenses						
Management and general	19,669,000	-	1,142,000	20,811,000	31,000	20,842,000
Fundraising	2,103,000	-	787,000	2,890,000	-	2,890,000
Reserve for doubtful accounts	5,175,000	-	-	5,175,000	-	5,175,000
Total supporting services expenses	26,947,000	-	1,929,000	28,876,000	31,000	28,907,000
Total operating expenses	70,943,000	-	9,409,000	80,352,000	31,000	80,383,000
Excess (deficiency) of operating revenues and support over operating expenses	(1,550,000)	-	(9,409,000)	(10,959,000)	22,407,000	11,448,000
NON-OPERATING ACTIVITIES						
Investment return utilized for non-operating expenses	-	382,000	-	382,000	2,228,000	2,610,000
Interest expense, net of bond premium and issuance costs amortization	-	-	(4,549,000)	(4,549,000)	-	(4,549,000)
Net assets released for purchases of art	-	9,071,000	-	9,071,000	(9,071,000)	-
Purchases of art	-	(9,071,000)	-	(9,071,000)	-	(9,071,000)
Collection items sold	-	-	-	-	904,000	904,000
Investment return on non-endowment assets	3,010,000	-	-	3,010,000	11,000	3,021,000
Net asset transfers	187,000	(2,262,000)	2,075,000	-	-	-
Net periodic pension charges other than service cost	136,000	-	-	136,000	-	136,000
Change in post-retirement health and other benefits other than net periodic pension charges	(1,986,000)	-	-	(1,986,000)	-	(1,986,000)
Changes in net assets	(203,000)	(1,880,000)	(11,883,000)	(13,966,000)	16,479,000	2,513,000
NET ASSETS						
Beginning of year	134,296,000	50,449,000	262,396,000	447,141,000	335,730,000	782,871,000
End of year	\$ 134,093,000	\$ 48,569,000	\$ 250,513,000	\$ 433,175,000	\$ 352,209,000	\$ 785,384,000

The accompanying notes are an integral part of this financial statement.

Whitney Museum of American Art
Statement of Functional Expenses
For the year ended June 30, 2020

	Exhibitions	Conservation and Curatorial	Education Programs	Memberships	Retail, Special Events and Publications	Total Program Expenses	Management and General	Fundraising	Total Supporting Services Expenses	Total
Compensation	\$ 8,574,000	\$ 3,491,000	\$ 2,054,000	\$ 1,776,000	\$ 1,546,000	\$ 17,441,000	\$ 8,796,000	\$ 1,455,000	\$ 10,251,000	\$ 27,692,000
Employee benefits	1,140,000	563,000	268,000	242,000	248,000	2,461,000	1,811,000	227,000	2,038,000	4,499,000
Employee benefits-pension and 403(b)	493,000	248,000	117,000	118,000	112,000	1,088,000	570,000	87,000	657,000	1,745,000
Payroll taxes	610,000	222,000	144,000	125,000	111,000	1,212,000	519,000	87,000	606,000	1,818,000
Rent	-	-	251,000	-	-	251,000	-	-	-	251,000
Storage	2,592,000	-	-	-	-	2,592,000	267,000	-	267,000	2,859,000
Construction	1,423,000	-	-	-	-	1,423,000	-	-	-	1,423,000
Installation	321,000	-	-	-	-	321,000	23,000	-	23,000	344,000
Professional fees	163,000	3,000	126,000	170,000	4,000	466,000	1,573,000	1,000	1,574,000	2,040,000
Insurance	103,000	-	-	-	-	103,000	867,000	-	867,000	970,000
Fine art insurance	-	-	-	-	-	-	452,000	-	452,000	452,000
Printing and reproduction	203,000	-	27,000	500,000	-	730,000	30,000	-	30,000	760,000
Postage and couriers	169,000	2,000	5,000	165,000	-	341,000	17,000	11,000	28,000	369,000
Advertising and public relations	1,166,000	-	-	40,000	6,000	1,212,000	27,000	-	27,000	1,239,000
Other marketing costs	326,000	3,000	52,000	39,000	13,000	433,000	15,000	-	15,000	448,000
Telephone	5,000	-	-	1,000	1,000	7,000	161,000	5,000	166,000	173,000
Utilities	130,000	-	6,000	-	-	136,000	1,044,000	-	1,044,000	1,180,000
Packing and crating	375,000	-	-	-	7,000	382,000	-	-	-	382,000
Shipping	1,183,000	-	-	-	-	1,183,000	-	-	-	1,183,000
Other exhibition costs	241,000	59,000	21,000	-	-	321,000	12,000	2,000	14,000	335,000
Building supplies, services, maintenance and repairs	69,000	-	-	-	-	69,000	1,399,000	-	1,399,000	1,468,000
Fellowships	-	-	16,000	-	-	16,000	103,000	-	103,000	119,000
Consultants and honorarium	172,000	1,000	333,000	43,000	5,000	554,000	160,000	6,000	166,000	720,000
Travel	101,000	37,000	41,000	27,000	5,000	211,000	37,000	38,000	75,000	286,000
Meals	56,000	9,000	45,000	27,000	6,000	143,000	38,000	57,000	95,000	238,000
Lodging	70,000	15,000	22,000	-	-	107,000	23,000	22,000	45,000	152,000
Dues and subscriptions	16,000	1,000	71,000	2,000	1,000	91,000	103,000	32,000	135,000	226,000
Other	258,000	22,000	105,000	301,000	83,000	769,000	635,000	123,000	758,000	1,527,000
Depreciation	2,252,000	4,576,000	847,000	581,000	533,000	8,789,000	846,000	533,000	1,379,000	10,168,000
Total operating expenses	\$ 22,211,000	\$ 9,252,000	\$ 4,551,000	\$ 4,157,000	\$ 2,681,000	\$ 42,852,000	\$ 19,528,000	\$ 2,686,000	\$ 22,214,000	\$ 65,066,000

The accompanying notes are an integral part of this financial statement.

Whitney Museum of American Art
Statement of Functional Expenses
For the year ended June 30, 2019

	Exhibitions	Conservation and Curatorial	Education Programs	Memberships	Retail, Special Events and Publications	Total Program Expenses	Management and General	Fundraising	Reserve for Doubtful Accounts	Total Supporting Services Expenses	Total
Compensation	\$ 10,106,000	\$ 3,776,000	\$ 2,059,000	\$ 1,743,000	\$ 1,820,000	\$ 19,504,000	\$ 8,846,000	\$ 1,394,000	\$ -	\$ 10,240,000	\$ 29,744,000
Employee benefits	1,150,000	578,000	280,000	261,000	245,000	2,514,000	1,744,000	232,000	-	1,976,000	4,490,000
Employee benefits-pension and 403(b)	521,000	265,000	119,000	100,000	111,000	1,116,000	602,000	75,000	-	677,000	1,793,000
Payroll taxes	686,000	230,000	140,000	118,000	125,000	1,299,000	538,000	84,000	-	622,000	1,921,000
Rent	-	-	258,000	-	-	258,000	-	-	-	-	258,000
Storage	2,847,000	-	-	-	-	2,847,000	261,000	-	-	261,000	3,108,000
Construction	2,395,000	-	-	-	-	2,395,000	5,000	-	-	5,000	2,400,000
Installation	495,000	-	-	-	-	495,000	-	-	-	-	495,000
Professional fees	498,000	8,000	343,000	319,000	2,000	1,170,000	1,972,000	14,000	-	1,986,000	3,156,000
Insurance	671,000	-	-	-	-	671,000	787,000	-	-	787,000	1,458,000
Fine art insurance	-	-	-	-	-	-	439,000	-	-	439,000	439,000
Printing and reproduction	450,000	3,000	20,000	913,000	-	1,386,000	13,000	8,000	-	21,000	1,407,000
Postage and couriers	130,000	5,000	7,000	467,000	3,000	612,000	23,000	14,000	-	37,000	649,000
Advertising and public relations	1,652,000	-	1,000	76,000	6,000	1,735,000	32,000	-	-	32,000	1,767,000
Other marketing costs	448,000	5,000	56,000	41,000	29,000	579,000	13,000	3,000	-	16,000	595,000
Telephone	6,000	-	-	1,000	-	7,000	173,000	1,000	-	174,000	181,000
Utilities	138,000	-	5,000	-	-	143,000	1,073,000	-	-	1,073,000	1,216,000
Packing and crating	511,000	-	-	-	4,000	515,000	-	-	-	-	515,000
Shipping	973,000	-	6,000	-	-	979,000	-	1,000	-	1,000	980,000
Other exhibition costs	407,000	175,000	45,000	-	1,000	628,000	31,000	1,000	-	32,000	660,000
Building supplies, services, maintenance and repairs	187,000	-	1,000	-	2,000	190,000	1,462,000	-	-	1,462,000	1,652,000
Fellowships	-	-	25,000	-	-	25,000	87,000	-	-	87,000	112,000
Consultants and honorarium	131,000	14,000	574,000	72,000	2,000	793,000	425,000	15,000	-	440,000	1,233,000
Travel	91,000	120,000	51,000	35,000	9,000	306,000	143,000	129,000	-	272,000	578,000
Meals	67,000	23,000	85,000	40,000	6,000	221,000	83,000	88,000	-	171,000	392,000
Lodging	50,000	28,000	34,000	6,000	-	118,000	30,000	156,000	-	186,000	304,000
Dues and subscriptions	8,000	1,000	66,000	1,000	1,000	77,000	220,000	13,000	-	233,000	310,000
Other	1,984,000	45,000	175,000	494,000	155,000	2,853,000	613,000	(184,000)	-	429,000	3,282,000
Depreciation	2,835,000	3,428,000	846,000	381,000	550,000	8,040,000	1,227,000	846,000	-	2,073,000	10,113,000
Total expenses before reserve for doubtful accounts	29,437,000	8,704,000	5,196,000	5,068,000	3,071,000	51,476,000	20,842,000	2,890,000	-	23,732,000	75,208,000
Add: Reserve for doubtful accounts	-	-	-	-	-	-	-	-	5,175,000	5,175,000	5,175,000
Total operating expenses	<u>\$ 29,437,000</u>	<u>\$ 8,704,000</u>	<u>\$ 5,196,000</u>	<u>\$ 5,068,000</u>	<u>\$ 3,071,000</u>	<u>\$ 51,476,000</u>	<u>\$ 20,842,000</u>	<u>\$ 2,890,000</u>	<u>\$ 5,175,000</u>	<u>\$ 28,907,000</u>	<u>\$ 80,383,000</u>

The accompanying notes are an integral part of this financial statement.

Whitney Museum of American Art
Statements of Cash Flows
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets	\$ 24,806,000	\$ 2,513,000
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	10,168,000	10,113,000
Amortization of bond premium	(567,000)	(568,000)
Amortization of deferred issuance costs	114,000	115,000
Reserve for doubtful accounts	-	5,175,000
In-kind gift contributions	(68,000)	(165,000)
Receipt of contributed securities	(42,184,000)	(2,822,000)
Proceeds from sale of contributed securities	42,184,000	2,822,000
Purchases of art	13,661,000	9,071,000
Net unrealized and realized gain on investments	(10,925,000)	(16,223,000)
Contributions restricted for endowment	(6,603,000)	(13,780,000)
Change in operating assets and liabilities		
Increase in accounts receivable, prepaid expenses and other	(23,875,000)	(3,864,000)
Decrease in contributions receivable	10,550,000	13,191,000
Increase in publications and sales inventories	(151,000)	(602,000)
(Decrease) increase in accounts payable and accrued expenses	(2,334,000)	1,317,000
Decrease in deferred revenue	(281,000)	(420,000)
Increase in accrued pension obligation	2,237,000	1,425,000
(Decrease) increase in deferred traveling and accrued exhibition fees	(3,905,000)	3,534,000
Net cash provided by operating activities	<u>12,827,000</u>	<u>10,832,000</u>
Cash flows from investing activities		
Purchase of equipment	(2,568,000)	(1,666,000)
Payment on notes receivable	-	789,000
Proceeds from sale of investments	93,343,000	21,108,000
Purchase of investments	(110,562,000)	(47,216,000)
Purchases of art	(13,661,000)	(9,071,000)
Net cash used in investing activities	<u>(33,448,000)</u>	<u>(36,056,000)</u>
Cash flows from financing activities		
Proceeds from loans and lines of credit payable	10,593,000	-
Contributions restricted for endowment	6,603,000	13,780,000
Net cash provided by financing activities	<u>17,196,000</u>	<u>13,780,000</u>
Net decrease in cash and cash equivalents	(3,425,000)	(11,444,000)
Cash and cash equivalents		
Beginning of year	<u>17,629,000</u>	<u>29,073,000</u>
End of year	<u>\$ 14,204,000</u>	<u>\$ 17,629,000</u>
Supplemental data		
Cash paid for interest	\$ 5,002,000	\$ 5,002,000
Receipt of contributed securities	\$ 42,184,000	\$ 2,822,000

The accompanying notes are an integral part of these financial statements.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Whitney Museum of American Art (the "Museum") was founded in 1930 by Gertrude Vanderbilt Whitney and is dedicated to collecting, preserving, interpreting, and exhibiting American art. The Museum serves a wide variety of audiences from its New York City locations.

On March 13, 2020, the Museum closed its galleries, buildings and facilities to the public in response to health risks posed by the novel strain of coronavirus, SARS-CoV-2 and the disease it causes, COVID-19. The World Health organization has recognized the virus as a pandemic causing many local and national governments, including New York State, to impose restrictions on business operations, travel and time spent outside the home. The outbreak has adversely impacted the level of economic activity around the world and disrupted normal business activity in every sector of the economy. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Museum's financial condition, liquidity, and future results of operations.

External factors, including the duration and intensity of the pandemic, the shape of the economic recovery across the globe, as well as timing of availability and widespread adoption of vaccines will all have an impact on the Museum's operating results. On September 3, 2020, prior to the date of publication of these audited financial statements, the Museum reopened to the public on a limited basis and in compliance with health and safety restrictions imposed by New York State. While the disruption is expected to be temporary, considerable uncertainties remain regarding the duration of these restrictions, the probability of future closures, the impact on visitorship due to domestic and international travel restrictions, the comfort of visitors to return to museums, and the impact on other sources of revenues such as donations, fundraising events, facility rentals, retail operations, and onsite educational programs. The Museum expects these factors to negatively impact its fiscal 2021 and future operating results. In response, the Museum has taken efforts to generate new revenues and reduce cash outflow during this time of uncertainty.

The Museum has updated its forecasted financial results based on its best estimates taking into consideration the impacts and uncertainties related to the COVID-19 pandemic. The Museum believes it will continue to maintain compliance with its debt covenants and meet its obligations as they come due. Although the Museum cannot estimate the ultimate length or severity of the impact of the COVID-19 outbreak at this time, the impact of these uncertainties may be material to the Museum's results of future operations, financial position, and liquidity.

The accompanying financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Net Asset Classifications

The Museum reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Trustees and management, for the Museum to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Museum's Board of Trustees or may be limited by legal requirements or contractual agreements with outside parties.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Net Assets with Donor Restrictions

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of the Museum's net assets with donor restrictions are subject to donor-imposed restrictions that require the Museum to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments with original maturities of three months or less when purchased. The Museum includes money market funds as cash equivalents, with the exception of those money market funds which are part of the long-term investment strategy of the Museum (Note 2).

Publications and Sales Inventory

Inventory consists of books, exhibition catalogues, posters, note cards and other merchandise valued at the lower of average cost or market. Inventory consists of \$3,261,000 and \$3,474,000 of finished goods and \$1,189,000 and \$825,000 of work in process at June 30, 2020 and 2019, respectively.

Investments

Equity securities are carried at fair value based on the last reported sales price at the end of the fiscal year. Fixed-income securities are valued by external investment managers using quoted market prices.

Alternative investments include investments in limited partnerships, private equity and hedge funds. The Museum values these investments using the net asset value ("NAV") provided by the investment managers of the underlying funds. As a general rule, investment managers of funds value investments based upon the best information available for given circumstances and may incorporate assumptions that are the investment manager's best estimate after consideration of a variety of internal and external factors. The funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. Investments for which observable market prices do not exist are reported at fair value as determined by the fund's investment manager. The Museum's management may consider other factors in assessing the fair value of these investments. Some of these funds may not have readily ascertainable fair values and may be subject to withdrawal restrictions. The fair value of the funds represents the amount the Museum expects to receive at reporting date if it had liquidated its investments. Because alternative investments may not be readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. Certain of the partnerships enter into contractual commitments including futures and option contracts and other derivative financial instruments. These contracts are valued by the partnerships at the last reported sales price and involve elements of market risk in excess of the amounts recognized on the partnership statement of financial condition. Risks arise from the potential changes in securities values and interest rates. The Museum records its share of the net income or loss for the accounting period in proportion to its participating ownership percentage in each partnership.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are determined on an average-cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis.

Unrealized gains and losses are determined by comparison of specific costs of acquisition to fair values at the last day of the fiscal year.

A portion of the Museum's investments are pooled to facilitate their management. Investment income is allocated among the individual components of net assets without donor restrictions and net assets with donor restrictions based on donor restrictions or the absence thereof, using a percentage of participation based on their carrying value or fair value.

The Museum manages its investment portfolio on a total-return basis. To preserve the investments' long-term value, the Museum makes available to be spent each year 5% of the investment portfolio's average fair value for the preceding three years ending December 31, excluding investment and custodial fees (the "spending rate").

Art Collection

The Museum has an extensive collection of art, including paintings, sculptures, photographs, drawings, prints, and films and videos. The collection is maintained under the care of the Registration Department staff and is held for research, education and public exhibition in furtherance of public service, rather than for financial gain. As a matter of policy, proceeds from the sale of collection items are used to acquire other items for the collection. The Museum does not include either the cost or the value of its collection in its statement of financial position, nor does it recognize gifts of collection items as revenues in its statement of activities. Since items acquired for the collection by purchase are not capitalized, the cost of those acquisitions is reported as decreases in net assets in the statement of activities.

Measure of Operations

The Museum includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment income equal to a defined spending rate, and interest earned from short-term investments and cash held for working capital. It excludes purchases and sales of collection items, investment return in excess of (less than) the amounts designated for current operations, investment return on non-endowment assets, net periodic pension charges other than net periodic benefit cost and service cost, transfers and reclassification of net assets, and board-designated contributions and related activities.

Revenue Recognition

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Museum recognizes revenue when control of the promised goods or services is transferred to the Museum's outside parties in an amount that reflects the consideration the Museum expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Museum recognizes contracts with customers as goods or services are transferred or provided in accordance with ASC 606.

The Museum has multiple revenue sources that are accounted for as exchange transactions, including admissions, membership dues, benefit and special event income, publications and sales income, traveling exhibition fees, and fees, royalties and other revenue.

Contributions

The Museum recognizes revenue from contributions in accordance with Accounting Standards Update (“ASU”) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). In accordance with ASU 2018-08, the Museum evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Museum applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Museum evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Museum is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. The Museum records cash and unconditional promises to give as revenue in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions (i.e., barriers) on which they depend have been met.

The Museum records unconditional contributions as restricted revenue (i.e., net assets with donor restrictions) if they are received with donor stipulations that limit their use either through purpose or time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, restricted net assets are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

The Museum benefits from volunteers who provide administrative support to various Museum programs. Such contributed services do not meet the criteria for recognition of contributed services as defined by US GAAP and, accordingly, are not reflected in the accompanying financial statements.

Membership Dues

The Museum apportions fees from memberships between contributions and exchange transactions and recognizes revenue for the contribution portion upon sale and the exchange transaction component according to the membership term. The exchange transactions for individual and corporate membership categories are recognized in the applicable year that the subscription commences. The exchange transactions for multi-year memberships are recognized over the term of the subscription.

Benefits and Special Events

Benefits and special events income results from the Museum’s efforts to produce a wide variety of events around large annual fundraisers and rentals of the Museum’s facilities. The revenue is recognized in the period that the benefits and events are held, and is presented net of related expenses.

Admission Fees

Admission fees are from daily attendance and group visits to the Museum. Revenue is recognized upon sale for access to the Museum’s exhibition galleries and programs.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Fees, Royalties and Other

Fees, royalties and other primarily relate to revenue sharing contracts associated with the Museum's 945 Madison Avenue building and its restaurants. Royalties are recognized as earned according to the terms of the aforementioned contracts.

Functional Allocation of Expenses

The costs of providing the Museum's programs are summarized and presented in the statement of activities. Management and general expenses include executive and financial administration, human resources and information services. Fundraising expenses of the Museum include salaries and employee benefits of program staff that develop proposals for fundraising; solicit contributions for those needs and for endowment purposes from individuals, corporations, government agencies and foundations; and conduct special fundraising events. Utilities, building maintenance and other operating costs are allocated to program areas and supporting services based on head count.

Advertising and public relations costs are generally expensed when incurred, except when related to the Museum's exhibition program, for which the costs are recognized on a pro-rated basis over the scheduled exhibition period. During 2020 and 2019, the Museum incurred advertising and public relations expenses of \$1,239,000 and \$1,781,000, respectively, excluding Museum labor and overhead.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and expenditures in excess of \$2,500 are capitalized. The Museum's building and capital improvements, office furniture and equipment are depreciated on a straight-line basis over their estimated useful lives (building - fifty years; capital improvements, office furniture and equipment - three to fifteen years or the remaining useful life of the building). Leasehold improvements are amortized on a straight-line basis over the shorter of the lives of the assets or the terms of the leases to which they pertain.

Deferred Traveling and Accrued Exhibition Fees

Deferred traveling and accrued exhibition fees of \$720,000 and \$4,625,000 at June 30, 2020 and 2019, respectively, relate to in-house and traveling exhibitions for which advance payments from patrons are received but the exhibition has not yet begun.

Bond Premiums and Deferred Financing Costs

Included in bonds payable at June 30, 2020 and 2019, is \$925,000 and \$1,492,000, respectively, of bond premiums related to the 2011 Revenue Bonds issuance. These premiums are amortized over a straight-line basis over the life of the bonds which approximates the effective interest method. Amortization totaled \$567,000 and \$568,000 for the years ended June 30, 2020 and 2019, respectively. Also included in bonds payable are deferred financing costs related to the 2011 Revenue Bonds issuance of \$450,000 and \$564,000 at June 30, 2020 and 2019, respectively. These costs are amortized over a straight-line basis over the life of the bonds. Amortization expense totaled \$114,000 and \$115,000 for the years ended June 30, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates made relate to the valuation of contributions receivable, valuation of alternative investments, and actuarial assumptions used in the calculation of the accrued pension obligation. Actual results could differ from those estimates.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Concentrations of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnerships. The Museum maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Museum's cash investments are placed with high credit quality financial institutions. The Museum has not experienced, nor does it anticipate any losses with respect to such accounts.

Five donors represented 57% and 44% of contributions receivable at June 30, 2020 and 2019, respectively. Three donors represented approximately 61% and 24% of contributions revenue for the years ended June 30, 2020 and 2019, respectively.

Tax Status

The Museum follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Museum is exempt from federal income tax under Internal Revenue Code (the "Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Museum has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Museum has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements. In addition, the Museum has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will require lessees to reflect virtually all leases on their statement of financial position. Under the FASB's dual approach, determining whether a lease is a finance or operating lease will be based on guidance similar to the classification model under current US GAAP, but without the bright lines. The FASB's standard is effective for public companies, certain not-for-profits, including those that are conduit bond issuers, and benefit plans for interim and annual reporting periods beginning after December 15, 2019 (i.e., the Museum's fiscal year 2021). Entities are required to adopt the standard using a modified retrospective transition approach, which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early adoption is permitted. The Museum is evaluating the impact this standard will have on its financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The standard requires entities to report the service cost component of net periodic benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of income from operations, if one is presented. The Museum adopted this standard for the year ended June 30, 2020.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

In March 2019, the FASB issued ASU 2019-03: *Updating the Definition of Collections*. The amendments in this update modify a previous condition requiring entities to use the proceeds from sales of collection items to acquire other items for collections. This update modified that condition so that the proceeds can be used to support the “direct care” of existing collections in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collections. Further, this update modified the definition of the term “collections” and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019 (i.e., the Museum’s fiscal year 2021). The amendments in this update should be applied on a prospective basis. The Museum is evaluating the impact this standard will have on its financial statements.

2. INVESTMENTS

The Museum follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure and report fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities’ own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure and report fair value.

The following describes the hierarchy of inputs used to measure and report fair value and the primary valuation methodologies used by the Museum for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets that the Museum has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Museum does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange-traded funds.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, 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 same term of the respective asset or liability. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Inputs are obtained from various sources, including market participants, dealers and brokers.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Museum considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is, therefore, based upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that investment.

The Museum's investment portfolio consists of the following at June 30, 2020 and 2019:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 9,320,000	\$ 9,320,000	\$ 27,576,000	\$ 27,576,000
Fixed income investments				
Registered mutual funds	17,972,000	17,803,000	17,470,000	17,376,000
Government securities	117,711,000	116,572,000	93,564,000	93,185,000
Equity investments				
Equity securities	26,924,000	17,549,000	38,099,000	22,626,000
Registered mutual funds	754,000	736,000	253,000	248,000
Total assets included in the fair value hierarchy	172,681,000	161,980,000	176,962,000	161,011,000
Investments measured at NAV	309,246,000	191,594,000	283,966,000	169,285,000
Investment redemption receivable	2,190,000	2,190,000	2,545,000	2,545,000
Pending investment purchase	7,500,000	7,500,000	-	-
Total investments	\$ 491,617,000	\$ 363,264,000	\$ 463,473,000	\$ 332,841,000

The Museum submitted redemption requests relative to certain of its investment funds, which remained outstanding as of June 30, 2020 and 2019. Such amounts have been reflected as investment redemption receivable in the portfolio above and were collected in full subsequent to each respective year end.

Amounts reflected as pending investment purchase in the portfolio above reflect cash disbursed to investment funds that have not yet been credited to the Museum's capital account as of June 30, 2020. Such purchases settled subsequent to year end.

For the years ended June 30, 2020 and 2019, the Museum had the following investments, which represented more than 5% of total net assets:

	2020		2019	
	Fair Value	% of Net Assets	Fair Value	% of Net Assets
U.S. Treasury Securities	\$ 117,710,825	14.53%	\$ 93,564,000	11.91%
Adage Capital Partners	\$ 61,084,000	7.54%	\$ 54,593,000	6.95%

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Investment return and its classification in the statement of activities for the year ended June 30, 2020 follows:

	Net Assets without Donor Restrictions			2020 Total
	Operating	Board- Designated for Endowment	Net Assets with Donor Restrictions	
Investment return on endowment assets:				
Dividends and interest	\$ -	\$ 197,000	\$ 1,184,000	\$ 1,381,000
Realized gains	-	1,970,000	12,261,000	14,231,000
Unrealized losses	-	(564,000)	(2,742,000)	(3,306,000)
Less: Advisory and custody fees	-	(58,000)	(414,000)	(472,000)
Total investment return on endowment assets	-	1,545,000	10,289,000	11,834,000
Investment return designated for current operations	15,839,000	(2,096,000)	(13,743,000)	-
Investment return on non-endowment assets	2,416,000	-	223,000	2,639,000
Total investment return	\$ 18,255,000	\$ (551,000)	\$ (3,231,000)	\$ 14,473,000

Investment return designated for current operations of \$15,839,000 represents funds which have been made available for spending pursuant to the Museum's authorized spending rate. The \$551,000 decrease in net assets without donor restrictions represents losses in excess of dividends and interest, realized gains, and amounts made available for spending. The \$3,231,000 decrease in donor-restricted net assets represents investment losses on restricted assets.

Investment return and its classification in the statement of activities for the year ended June 30, 2019 follows:

	Net Assets without Donor Restrictions			2019 Total
	Operating	Board- Designated for Endowment	Net Assets with Donor Restrictions	
Investment return on endowment assets:				
Dividends and interest	\$ -	\$ 302,000	\$ 1,794,000	\$ 2,096,000
Realized gains	-	1,724,000	10,424,000	12,148,000
Unrealized gains	-	521,000	3,554,000	4,075,000
Less: Advisory and custody fees	-	(88,000)	(601,000)	(689,000)
Total investment return on endowment assets	-	2,459,000	15,171,000	17,630,000
Investment return designated for current operations	15,020,000	(2,077,000)	(12,943,000)	-
Investment return on non-endowment assets	3,010,000	-	11,000	3,021,000
Total investment return	\$ 18,030,000	\$ 382,000	\$ 2,239,000	\$ 20,651,000

Investment return designated for current operations of \$15,020,000 represents funds which have been made available for spending pursuant to the Museum's authorized spending rate. The \$382,000 increase in net assets without donor restrictions represents gains in excess of dividends and interest, realized gains, and amounts made available for spending. The \$2,239,000 increase in donor-restricted net assets represents investment gains on restricted assets.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The fair values of the Museum's financial assets that are measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value at June 30, 2020	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 9,320,000	\$ 9,320,000	\$ -	\$ -
Fixed income investments				
Registered mutual funds	17,972,000	17,972,000	-	-
Government securities	117,711,000	117,711,000	-	-
Equity investments				
Equity securities	26,924,000	26,924,000	-	-
Registered mutual funds	754,000	754,000	-	-
Total assets included in the fair value hierarchy	172,681,000	\$ 172,681,000	\$ -	\$ -
Investments measured at NAV	309,246,000			
Investment redemption receivable	2,190,000			
Pending investment purchase	7,500,000			
Total investments	\$ 491,617,000			

The fair values of the Museum's financial assets that are measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value at June 30, 2019	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 27,576,000	\$ 27,576,000	\$ -	\$ -
Fixed income investments				
Registered mutual funds	17,470,000	17,470,000	-	-
Government securities	93,564,000	93,564,000	-	-
Equity investments				
Equity securities	38,099,000	38,099,000	-	-
Registered mutual funds	253,000	253,000	-	-
Total assets included in the fair value hierarchy	176,962,000	\$ 176,962,000	\$ -	\$ -
Investments measured at NAV	283,966,000			
Investment redemption receivable	2,545,000			
Total investments	\$ 463,473,000			

Equity and fixed-income investments consist of investments in publicly traded equities, mutual funds, and funds that invest in equity and fixed income-based strategies. The fair values of publicly traded investments are based on quoted market prices as of the reporting date. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof).

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The Museum uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The value represents the ownership interest in the hedge fund or respective partnership. The NAV of the investments held by limited partnerships and hedge funds that do not have readily determinable fair values are determined by the general partner or hedge fund manager and are based on appraisals, or other estimates that require varying degrees of judgment. The Museum performs due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30. Because of the inherent uncertainty of valuing these investments and certain underlying investments held by them, the Museum's estimate of fair value may differ significantly from the values that would have been used had a ready market for such investments existed. These investments may be illiquid and thus there can be no assurance that the Museum will be able to realize the value of such investments in a timely manner. For partnership interests, gains and losses are dependent upon the general partners' distributions during the life of each partnership.

Per the applicable guidance, disclosures are presented by major asset category by the nature and risks of the Museum's investments. All percentages are based on NAV as of June 30, 2020 and 2019.

Category of Investment	# of Funds	Fair Value Determined Using NAV at June 30, 2020	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms
Equity investment funds	8	\$ 138,652,000	N/A	Monthly - 25.25% Quarterly - 64.54% Annually - 3.94% Every 3 years - 6.27%	96.06% have no lock-up 3.94% have 3 year lock-up Three funds have gate triggers that range from 20-33% of fund level NAV.
Equity long/short	10	63,177,000	N/A	Monthly - 26.13% Quarterly - 67.80% Every 2 years - 5.01% N/A - 1.06%	65.17% have no lock-up 29.86% have 1 year lock-up 4.97% have 2 year lock-up Two funds have gates triggers at 25% of fund level NAV. Three funds have gate triggers that range from 25-33% of investor level NAV / quarter.
Multi-strategy and other	15	90,618,000	7,775,000	Weekly - 3.11% Monthly - 9.23% Quarterly - 39.70% Semi-annually - 5.83% Annually - 22.83% Every 3 years - 9.18% N/A - 10.12%	77.97% have no lock-up 12.12% have 2 year lock-up 6.04% have 5 year lock-up 3.87% have 10 year lock-up Four funds have gate triggers that range from 10-25% of fund level NAV. One fund has a gate that triggers at 25% of investor level NAV / quarter.
Real assets	1	3,824,000	N/A	Monthly	N/A
Private equity	6	12,975,000	7,816,000	N/A	N/A
	40	\$ 309,246,000	\$ 15,591,000		

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Category of Investment	# of Funds	Fair Value Determined Using NAV at June 30, 2019	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms
Equity investment funds	8	\$ 130,162,000	N/A	Monthly - 35.13% Quarterly - 60.57% Annually - 4.30%	95.70% have no lock-up 4.30% have 3 year lock-up Two funds have gate triggers that range from 20-25% of fund level NAV.
Equity long/short	9	54,952,000	N/A	Monthly - 15.62% Quarterly - 77.69% Every 2 years - 5.18% N/A - 1.51%	79.30% have no lock-up 15.62% have 1 year lock-up Two funds have gates triggers at 25% of fund level NAV. Three funds have gate triggers that range from 25-33% of investor level NAV / quarter.
Multi-strategy and other	11	84,162,000	\$ 1,700,000	Weekly - 3.33% Monthly - 11.75% Quarterly - 42.35% Semi-annually - 5.88% Annually - 21.85% Every 3 years - 9.87% N/A - 4.87%	83.19% have no lock-up 12.13% have 2 year lock-up 4.68% have 5 year lock-up Three funds have gate triggers that range from 10-25% of fund level NAV. One fund has a gate that triggers at 25% of investor level NAV / quarter.
Real assets	2	6,343,000	N/A	Monthly - 67.98% Quarterly - 32.02%	100% have no lock-up One fund has a gate that triggers at 33% of investor level NAV / year.
Private equity	5	8,347,000	8,398,000	N/A	N/A
	<u>35</u>	<u>\$ 283,966,000</u>	<u>\$ 10,098,000</u>		

3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, discounted to present value at June 30, 2020 and 2019 consist of unconditional promises to give and are due from the following:

	<u>2020</u>	<u>2019</u>
Individuals	\$ 18,637,000	\$ 23,095,000
Corporations	1,332,000	3,232,000
Foundations	7,198,000	11,462,000
Government and New York State and City	23,000	23,000
Gross contributions and grants receivable	<u>27,190,000</u>	<u>37,812,000</u>
Less: Allowance for doubtful accounts	(5,175,000)	(5,235,000)
Less: Discount to present value (at rates between 0.79% and 3.23%)	<u>(276,000)</u>	<u>(356,000)</u>
	<u>\$ 21,739,000</u>	<u>\$ 32,221,000</u>

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

During the year ended June 30, 2019, the Museum identified certain contributions receivable totaling \$5,175,000 that may potentially be uncollectible and, accordingly, recorded a reserve against such amounts.

The gross contributions receivable are due to be collected as follows:

Fiscal Year June 30,	
2021	\$ 18,109,000
2022-2025	<u>9,081,000</u>
	<u>\$ 27,190,000</u>

During the year ended June 30, 2019, the Museum concluded that certain contributions (pledges) receivable recognized in prior years received in connection with its capital campaign to provide funding for the construction of the museum building continued to be recorded as part of temporarily restricted net assets (now referred to as net assets with donor restrictions) even though the construction to which these pledges pertained was completed and the related building placed in service. In accordance with relevant accounting standards, upon placing the related constructed asset into service, such pledges should have been released from net assets with donor restrictions to net assets without donor restrictions. Accordingly, the Museum has recorded an immaterial revision of net assets in the amount of \$29,597,000 as of June 30, 2018, to properly classify such remaining receivables.

New York City's investment of capital funding of \$52,000,000 obligated the Museum to operate the Museum's building project ("Project") for the benefit of the people of the City of New York as a not-for-profit world-class art museum or for such other cultural, educational or artistic uses and/or related purposes approved by the City for a period of thirty (30) years from the completion of the Project. The Museum believes that it has complied with this and all provisions associated with the capital funding arrangement with the City.

4. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, is comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 34,662,000	\$ 34,662,000
Building and capital improvements	387,710,000	385,409,000
Furniture, fixtures and equipment	<u>22,748,000</u>	<u>22,481,000</u>
	445,120,000	442,552,000
Less: Accumulated depreciation	<u>(71,147,000)</u>	<u>(60,979,000)</u>
	<u>\$ 373,973,000</u>	<u>\$ 381,573,000</u>

Depreciation totaled \$10,168,000 and \$10,113,000 for the years ended June 30, 2020 and 2019, respectively, of which \$9,400,000 and \$9,409,000 was reflected in plant and equipment funded by designated gifts and \$768,000 and \$704,000 was reflected in operating net assets without donor restrictions on the statement of activities.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

5. COMMITMENTS AND CONTINGENCIES

The Museum leases office, storage and studio space under non-cancelable lease agreements, which expire on various dates through fiscal 2027 and which are subject to escalation for real estate tax increases and other building operating expenses. Minimum base rental payments are due as follows:

Fiscal Year June 30,	
2021	\$ 2,868,000
2022	3,041,000
2023	3,134,000
2024	3,063,000
2025	3,242,000
2026-2027	8,521,000
	<u>\$ 23,869,000</u>

Rent expense (including escalation costs) amounted to \$2,786,000 and \$2,606,000 for the years ended June 30, 2020 and 2019, respectively.

The Museum is a party to litigation and other claims in the ordinary course of its business. In the opinion of management, the resolution of these matters will not have a material effect on the Museum's financial statements.

In addition, the Museum enters into undertakings containing a variety of warranties and indemnifications that may expose the Museum to some risk of loss. The amount of future loss, if any, arising from such undertakings, while not quantifiable, is not expected to be significant. The Museum expects the risk of loss to be remote.

6. BONDS PAYABLE, NET OF PREMIUM AND COST OF ISSUANCE

Bonds payable at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Series 2011 Bonds	\$ 100,000,000	\$ 100,000,000
Bond premium, net of accumulated amortization of \$8,404,000	925,000	1,492,000
Debt issuance costs, net of accumulated amortization of \$1,388,000	(450,000)	(564,000)
	<u>\$ 100,475,000</u>	<u>\$ 100,928,000</u>

In August 2011, The Trust for Cultural Resources of the City of New York (the "Trust") issued Whitney Museum of American Art Revenue Bonds, Series 2011 for the purpose of providing funds for construction of a new museum building. The bonds have varying interest rates ranging from 4.0% to 5.25% due in varying amounts with final maturity in 2031.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The Series 2011 bonds consist of the following amounts and maturities at June 30, 2020 and 2019:

	<u>Principal</u>	<u>Rate</u>	<u>Maturity</u>
Bonds, Series 2011			
Serial bonds (callable in 2021)	\$ 50,000,000	5.0%	July 1, 2021
Serial bonds (callable in 2021)	8,230,000	4–5.25%	July 1, 2022–2026
Term bonds (callable in 2021)	41,770,000	5.0%	July 1, 2027–2031
	<u>\$ 100,000,000</u>		

Minimum principal bond payments due are as follows:

Fiscal Year June 30,	
2021	\$ -
2022	50,000,000
2023	1,485,000
2024	1,555,000
2025	1,640,000
Thereafter	<u>45,320,000</u>
	<u>\$ 100,000,000</u>

7. PENSION PLAN

The Museum has a defined benefit pension plan (the “Plan”) covering substantially all of its employees. The benefits are computed on the basis of years of credited service and the average compensation, as defined, in the Plan. The normal monthly retirement benefit is the greater of (1) 1% of average monthly earnings plus .65% of average monthly earnings in excess of “covered compensation” multiplied by years of credited service (up to a maximum of 30 years), and (2) the annuity value of the following account: the lump-sum value of a participant’s accrued benefit as of June 30, 1991, plus 3% of yearly earnings for each year of credited service after June 30, 1991, and before July 1, 2008 plus monthly interest earned on a participant’s account beginning July 31, 1991. The Museum’s funding policy is to contribute annually the minimum amount based upon the related actuarial determinations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Pension costs are accounted for on the basis of the projected unit credit method. The Plan was amended to freeze benefit accruals effective June 30, 2015.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The following table provides information with respect to the defined benefit plan as of and for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 16,302,000	\$ 14,331,000
Interest cost	536,000	566,000
Settlements	(63,000)	(480,000)
Benefits paid	(211,000)	(75,000)
Actuarial loss	<u>2,275,000</u>	<u>1,960,000</u>
Benefit obligation at end of year	<u>18,839,000</u>	<u>16,302,000</u>
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	11,017,000	10,471,000
Actual return on plan assets	4,000	670,000
Employer contributions	790,000	650,000
Benefits paid	(211,000)	(75,000)
Settlements	(63,000)	(480,000)
Administrative expenses paid	<u>(220,000)</u>	<u>(219,000)</u>
Fair value of plan assets at end of year	<u>11,317,000</u>	<u>11,017,000</u>
Funded status at end of year	<u>\$ (7,522,000)</u>	<u>\$ (5,285,000)</u>
Amounts recognized in the statement of financial position consist of		
Accrued pension obligation	<u>\$ 7,522,000</u>	<u>\$ 5,285,000</u>
Total liabilities	<u>\$ 7,522,000</u>	<u>\$ 5,285,000</u>
Amounts recognized in net assets without donor restrictions consist of		
Net loss	<u>\$ 7,561,000</u>	<u>\$ 4,722,000</u>
	<u>\$ 7,561,000</u>	<u>\$ 4,722,000</u>
Accumulated benefit obligation at end of year	<u>\$ 18,839,000</u>	<u>\$ 16,302,000</u>
Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions		
Service cost	\$ 225,000	\$ 225,000
Interest cost	536,000	566,000
Expected return on plan assets	(777,000)	(736,000)
Amortization of net loss	84,000	34,000
Net periodic benefit cost	<u>68,000</u>	<u>89,000</u>
Other changes in plan assets and benefit obligation recognized in net assets without donor restrictions		
Current year net gain and amortized loss for year	<u>2,839,000</u>	<u>1,986,000</u>
Total recognized in net assets without donor restrictions	<u>2,839,000</u>	<u>1,986,000</u>
Total recognized in net periodic benefit cost and net assets without donor restrictions	<u>\$ 2,907,000</u>	<u>\$ 2,075,000</u>
Weighted-average assumptions as of June 30 used for obligations		
Discount rate	2.55 %	3.40 %
Expected return on plan assets	7.25 %	7.25 %
Weighted-average assumptions as of June 30 used for net periodic benefit cost for year ended June 30		
Discount rate	3.40 %	4.10 %
Expected return on plan assets	7.25 %	7.25 %

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The Museum determines its expected return on plan assets assumption by evaluating both historical returns of major asset classes and estimates of future returns over the next 20 years. Current market factors, such as inflation and interest rates, as well as asset diversification are evaluated when long-term capital market assumptions are determined. Historical returns are reviewed to verify reasonability and appropriateness.

The estimated net actuarial loss for the Plan that is expected to be amortized in net periodic benefit cost in fiscal year 2021 is \$158,000.

Estimated contributions expected to be paid by the Museum during the fiscal year ended June 30, 2021 total \$715,000.

The Museum's pension plan invests primarily in equity and debt securities that are within prudent levels of risk and provide for necessary liquidity requirements. The long-term objective is to limit the variability of its pension funding requirements while maintaining funding at levels that will ensure the payment of obligations as they come due. The Museum's plan assets are measured against benchmarks established by the Museum's advisors and the Investment Committee of the Museum's Board of Trustees, who has the authority to recommend changes as deemed appropriate.

At June 30, 2020 and 2019, the Museum's target allocation percentages for plan assets was 75% equity securities and 25% fixed-income securities. The targets may be adjusted periodically to reflect current market conditions and trends as well as inflation levels, interest rates and the trend thereof.

The Museum's pension plan weighted average asset allocation at June 30, 2020 and 2019 by asset category is as follows:

	<u>2020</u>	<u>2019</u>
Equity securities	73.9 %	72.4 %
Fixed income	17.9	22.4
Cash and cash equivalents	8.2	5.2
	<u>100.0 %</u>	<u>100.0 %</u>

The Museum's pension plan assets are comprised of the following at June 30, 2020:

	<u>Fair Value at June 30, 2020</u>	<u>Based on</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Equity	\$ 8,366,000	\$ 8,366,000	\$ -	\$ -
Fixed income	2,025,000	2,025,000	-	-
Cash and cash equivalents	926,000	926,000	-	-
Total fair value of plan assets	<u>\$ 11,317,000</u>	<u>\$ 11,317,000</u>	<u>\$ 11,317,000</u>	<u>\$ 11,317,000</u>

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The Museum's pension plan assets are comprised of the following at June 30, 2019:

	Fair Value at June 30, 2019	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity	\$ 7,981,000	\$ 7,981,000	\$ -	\$ -
Fixed income	2,468,000	2,468,000	-	-
Cash and cash equivalents	568,000	568,000	-	-
Total fair value of plan assets	<u>\$ 11,017,000</u>	<u>\$ 11,017,000</u>	<u>\$ -</u>	<u>\$ -</u>

Future benefits are expected to be paid as follows:

2021	\$ 1,154,000
2022	1,193,000
2023	1,246,000
2024	1,019,000
2025	1,116,000
Thereafter	4,822,000

8. LOANS AND LINES OF CREDIT PAYABLE

At June 30, 2020 and 2019, the Museum had available a \$10,000,000 unsecured line of credit ("facility"). The term of the facility is one year, which may be extended subject to Bank approval. The line of credit expires on January 22, 2021. Under the terms of the line of credit agreement, the Museum may borrow funds as needed, with repayment due in full on the last day of the term of the facility, subject to a 30-day clean-up provision. As of June 30, 2020 and 2019, the Museum had an outstanding borrowing against the facility of \$5,000,000 and \$0, respectively. The interest rate charged on any outstanding principal amount borrowed is LIBOR plus .50%, which equaled 1.482% at June 30, 2020.

During fiscal 2020, the Museum participated in the Small Business Administration's federal Paycheck Protection Program ("PPP"). The Museum borrowed \$5,593,000, which was outstanding as of June 30, 2020. The interest rate charged on the loan amount is 1% and is deferred for 6 months.

Amounts outstanding under the facility, together with the amount borrowed under the PPP, are reflected as loans and lines of credit payable on the 2020 statement of financial position.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

9. NET ASSETS

The Museum's net assets without donor restrictions at June 30, 2020 and 2019 are comprised of operating, Board-designated and designated for plant and equipment, as follows:

	<u>2020</u>	<u>2019</u>
Operating	\$ 127,728,000	\$ 134,093,000
Board-designated for endowment	48,018,000	48,569,000
Plant and equipment funded by designated gifts	<u>243,216,000</u>	<u>250,513,000</u>
	<u>\$ 418,962,000</u>	<u>\$ 433,175,000</u>

Operating Funds - All revenue and support received and all expenses for general operations are presented in this subgroup. These are the funds that are part of the budget approved by the Board of Trustees and managed by departments across the Museum. Unlike donor-restricted funds, these areas are directly influenced by institutional policy and management decisions and therefore can be budgeted closely.

Board-Designated Funds - Designated funds include grants, contracts, gifts, quasi-endowment and spendable endowment income for specific purposes designated by the Museum's Board of Trustees.

Plant Funds from Designated Gifts - These net assets include certain property, plant and equipment and other capitalized assets acquired via bond funding and contributions, specifically designated by donors to fund construction, expansion, renovation, and equipping of the Museum's main facility, which was completed and placed into service in May 2015. The Museum's bond interest expense and depreciation for related assets is charged to these funds as well.

In 2020, the Museum transferred \$5,002,000 of operating funds to its plant fund. In 2019, the Museum transferred \$2,262,000 of board-designated funds to its operating fund and \$2,075,000 of operating funds to its plant fund.

Net assets with donor restrictions as of June 30, 2020 and 2019, which are subject to expenditure for specified purposes, are as follows:

	<u>2020</u>	<u>2019</u>
Exhibition programs	\$ 4,764,000	\$ 7,767,000
Purchase of works of art	125,000	350,000
Support of other Museum programs	<u>131,713,000</u>	<u>92,996,000</u>
	<u>\$ 136,602,000</u>	<u>\$ 101,113,000</u>

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

Net assets with donor restrictions comprising the Museum's permanent endowment as of June 30, 2020 and 2019, the income from which is subject to the Museum's spending policy and appropriation, consist of the following:

	<u>2020</u>	<u>2019</u>
Endowment funds, earnings without restrictions, subject to Board-appropriation	\$ 141,849,000	\$ 141,851,000
Endowment funds, the earnings from which are restricted for:		
Support of exhibition programs	37,951,000	37,871,000
Purchases of works of art	7,382,000	5,332,000
Curatorial support	19,475,000	19,075,000
Other programs	47,969,000	46,967,000
	<u>\$ 254,626,000</u>	<u>\$ 251,096,000</u>

10. ENDOWMENT

The Museum's endowment consists of 126 individual funds established for a variety of purposes. The Endowment includes both donor-restricted endowment funds and funds designated by the Museum's Board of Trustees to function as endowments. As required by US GAAP net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA contains provisions that govern charitable institutions' appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law that had become outdated. Most significantly, under prior law, charitable institutions were required to maintain the "historic dollar value" of endowment funds, meaning that institutions could appropriate only a prudent portion of a fund if the value of the fund was greater than the dollar value of the donor's contribution(s) to the fund (i.e., the "historic dollar value"), and the appropriation would not take the fund below that amount; or a prudent portion only of the income from the fund, if the value of the fund was less than the historic dollar value.

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value. Prudent appropriation from an endowment fund whose value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. As with prior law, NYPMIFA retains the requirement that in making any decision to appropriate, "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." It further provides a new requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from an endowment:

- The duration and preservation of the endowment fund;
- The purposes of the Museum and its endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

- The expected total return from income and the appreciation of endowment investments;
- Other resources of the Museum;
- Alternatives to expenditure of the endowment fund; and
- The investment policy of the Museum.

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its effective date of September 17, 2010. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of Museum funds have elected this option. Moreover, as with prior law, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law. Certain of the Museum's funds are governed by such instruments. Thus the Museum has funds that fall into three categories with respect to appropriation: those from which it may prudently appropriate without regard to historic dollar value; those from which it may prudently appropriate appreciation only above historic dollar value; and those whose appropriation is governed by specific instructions in the constitutive gift instrument.

The Museum's spending policy rate is designed to stabilize annual spending levels and to preserve the real value of the investment portfolio over time. To preserve the portfolio's long-term value, the Museum makes available to be spent each fiscal year 5% of each fund's allocable portion of the portfolio's average fair value, net of fees and taxes (if any), as of December 31 of each of the preceding three years. This spending policy is consistent with the Museum's objectives to utilize earnings to support programs, while preserving capital and ensuring future endowment growth.

Endowment funds are invested with Investment Managers charged with meeting or exceeding the representative index, universe or blended market index and universe that most closely corresponds to the Investment Manager's style of investment management. The investment strategy emphasizes long-term appreciation of the assets and consistency of total portfolio returns to support general operations while ensuring endowment preservation of capital.

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Museum classifies as net assets with donor restrictions (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, (c) the net realizable value of future payments to permanent endowment net assets in accordance with the donor's gift instrument (outstanding endowment pledges net of applicable discount), and (d) accumulations, including appreciation, gains and income, to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains and income are classified as net assets with donor restrictions (accumulated gains) until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified to net assets without donor restrictions.

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The Museum's endowment consists of the following at June 30, 2020 and 2019:

Endowment Net Asset Composition by Type of Fund at June 30, 2020				
Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
	Accumulated Gains	Original Gift	Total	
Donor-restricted endowment funds	\$ -	\$ 69,195,000	\$ 254,626,000	\$ 323,821,000
Board-designated endowment funds	48,018,000	-	-	48,018,000
Total endowment funds	\$ 48,018,000	\$ 69,195,000	\$ 254,626,000	\$ 371,839,000

Endowment Net Asset Composition by Type of Fund at June 30, 2019				
Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
	Accumulated Gains	Original Gift	Total	
Donor-restricted endowment funds	\$ -	\$ 72,649,000	\$ 251,096,000	\$ 323,745,000
Board-designated endowment funds	48,569,000	-	-	48,569,000
Total endowment funds	\$ 48,569,000	\$ 72,649,000	\$ 251,096,000	\$ 372,314,000

The Museum's endowment had the following changes for the years ended June 30, 2020 and 2019.

Changes in Endowment Net Assets for the year ended June 30, 2020				
Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
	Accumulated Gains	Amounts Held in Perpetuity	Total	
Endowment funds, June 30, 2019	\$ 48,569,000	\$ 72,649,000	\$ 251,096,000	\$ 372,314,000
Investment return				
Investment income	139,000	770,000	-	909,000
Net appreciation (realized and unrealized)	1,406,000	9,519,000	-	10,925,000
Total investment return	1,545,000	10,289,000	-	11,834,000
Contributions	-	-	3,530,000	3,530,000
Appropriation of endowment assets for expenditure	(2,096,000)	(13,743,000)	-	(15,839,000)
Endowment funds, June 30, 2020	\$ 48,018,000	\$ 69,195,000	\$ 254,626,000	\$ 371,839,000

Changes in Endowment Net Assets for the year ended June 30, 2019				
Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
	Accumulated Gains	Amounts Held in Perpetuity	Total	
Endowment funds, June 30, 2018	\$ 48,187,000	\$ 70,421,000	\$ 239,065,000	\$ 357,673,000
Investment return				
Investment income	302,000	1,794,000	-	2,096,000
Net appreciation (realized and unrealized)	2,157,000	13,377,000	-	15,534,000
Total investment return	2,459,000	15,171,000	-	17,630,000
Contributions	-	-	12,031,000	12,031,000
Appropriation of endowment assets for expenditure	(2,077,000)	(12,943,000)	-	(15,020,000)
Endowment funds, June 30, 2019	\$ 48,569,000	\$ 72,649,000	\$ 251,096,000	\$ 372,314,000

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

The endowment funds classified as net assets without donor restrictions and new assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net Assets without Donor Restrictions		
Board-designated endowment	\$ 48,018,000	\$ 48,569,000
Net Assets with Donor Restrictions		
General operating support awaiting Board appropriation	187,504,000	190,575,000
Acquisitions	10,116,000	7,703,000
Conservation	18,946,000	18,002,000
Curatorial	23,203,000	22,947,000
Director	3,335,000	3,380,000
Education	25,924,000	26,059,000
Exhibitions	44,337,000	44,474,000
Film and Video	1,182,000	1,182,000
Independent Study Program	6,312,000	6,413,000
Library/publications	2,962,000	3,010,000
	<u>323,821,000</u>	<u>323,745,000</u>
Total endowment funds	<u>\$ 371,839,000</u>	<u>\$ 372,314,000</u>

11. SUBSEQUENT EVENTS

The Museum performed an evaluation of subsequent events through October 28, 2020, which is the date the financial statements were issued. The Museum has determined that all events or transactions, required to be recognized in accordance with US GAAP, are included in the accompanying financial statements, other than what is disclosed in Note 2.

12. REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS

For the years ended June 30, 2020 and 2019, the Museum recognized revenue of \$5,492,000 and \$2,388,000, respectively, from amounts that were included in deferred revenue at the beginning of the fiscal year.

The performance obligations corresponding to the deferred revenue balances totaling \$1,316,000 and \$5,502,000 as of June 30, 2020 and 2019, respectively, are expected to be satisfied in the subsequent fiscal year, as follows:

	<u>2020</u>	<u>2019</u>
Admissions	\$ 233,000	\$ 202,000
Memberships	363,000	675,000
Traveling exhibition fees	720,000	4,625,000
	<u>\$ 1,316,000</u>	<u>\$ 5,502,000</u>

Whitney Museum of American Art

Notes to Financial Statements

June 30, 2020 and 2019

13. AVAILABILITY OF FINANCIAL ASSETS

The Museum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and a line of credit.

The following table shows the total financial assets held by the Museum as of June 30, 2020 and 2019 that could be readily made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 14,204,000	\$ 17,629,000
Accounts and notes receivable	1,226,000	2,420,000
Contributions receivable due within one year	<u>18,109,000</u>	<u>25,582,000</u>
	33,539,000	45,631,000
Less: Contributions receivable due within one year subject to donor restrictions	(15,619,000)	(23,137,000)
Add: Anticipated appropriation of endowment assets for expenditure in subsequent fiscal year	<u>17,229,000</u>	<u>15,839,000</u>
Total financial assets available to management for general expenditures within one year	<u>35,149,000</u>	<u>38,333,000</u>
Liquidity resources:		
Available line of credit	<u>5,000,000</u>	<u>10,000,000</u>
Total financial assets and liquidity resources available to management for general expenditures within one year	<u>\$ 40,149,000</u>	<u>\$ 48,333,000</u>

Excluded from the detail provided above are all investments pertaining to the Museum's endowment fund. The Museum's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) and the Museum's board-designated endowment (quasi-endowment) (See footnote 10 for a detail of the Museum's endowment fund). The extent of available financial assets as of June 30, 2020 and 2019 includes an approximation of the investment return that will be made available to fund current operations, pursuant to the Museum's Board approved endowment spending policy.

As part of the Museum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.