

Financial Statements and Report of
Independent Certified Public
Accountants

Whitney Museum of American Art

June 30, 2021 and 2020

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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, 2021 and 2020, 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.

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, 2021 and 2020, 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
November 2, 2021

Whitney Museum of American Art
STATEMENTS OF FINANCIAL POSITION

June 30,

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 17,729,000	\$ 14,204,000
Accounts receivable, net	1,217,000	1,226,000
Contributions and grants receivable, net	22,046,000	21,739,000
Publications and sales inventory, net	4,644,000	4,450,000
Prepaid expenses and other assets	2,778,000	30,562,000
Investments	569,905,000	491,617,000
Right-of-use assets, operating leases, net	20,171,000	-
Property, plant and equipment, net	364,464,000	373,973,000
Collections	-	-
	\$ 1,002,954,000	\$ 937,771,000
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,349,000	\$ 5,174,000
Deferred revenue	614,000	596,000
Deferred traveling and accrued exhibition fees	837,000	720,000
Operating lease liabilities	20,637,000	-
Bond interest payable	1,770,000	2,501,000
Bonds payable, net of premium and deferred issuance costs	98,923,000	100,475,000
Loans and lines of credit payable	-	10,593,000
Accrued pension obligation	4,748,000	7,522,000
	135,878,000	127,581,000
Net assets		
Net assets without donor restrictions:		
Operations	120,098,000	127,728,000
Board-designated for endowment	60,236,000	48,018,000
Plant and equipment funded by designated gifts	235,593,000	243,216,000
	415,927,000	418,962,000
Net assets with donor restrictions	451,149,000	391,228,000
	867,076,000	810,190,000
	\$ 1,002,954,000	\$ 937,771,000

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, 2021, with comparative totals for 2020

	Net Assets without Donor Restrictions			Net Assets with Donor Restrictions	2021 Total	2020 Total
	Operations	Board-designated for Endowment	Plant and Equipment Funded by Designated Gifts			
OPERATING REVENUE AND SUPPORT						
Admissions	\$ 2,546,000	\$ -	\$ -	\$ 2,546,000	\$ -	\$ 5,883,000
Memberships	6,988,000	-	-	6,988,000	-	7,817,000
Contributions for operations	7,877,000	-	-	7,877,000	-	7,364,000
Contributions for programs	-	-	-	-	16,498,000	60,117,000
Contributions for endowments	-	-	-	-	9,199,000	3,530,000
Grant	5,593,000	-	-	5,593,000	-	-
Benefit and special events income, net of \$719,000 of related expenses	2,568,000	-	-	2,568,000	-	4,390,000
Investment return designated for current operations	16,841,000	-	-	16,841,000	-	15,839,000
Publications and sales income, net of \$646,000 of cost of goods sold	523,000	-	-	523,000	-	691,000
Traveling exhibition fees, net of \$96,000 of related expenses	172,000	-	-	172,000	-	945,000
Fees, royalties and other	3,980,000	-	-	3,980,000	-	5,554,000
Net assets released from restrictions to fund operations	7,756,000	-	-	7,756,000	(7,756,000)	-
Total operating revenue and support	54,844,000	-	-	54,844,000	17,941,000	112,130,000
OPERATING EXPENSES						
Program expenses						
Exhibitions	17,485,000	-	2,076,000	19,561,000	-	22,210,000
Conservation and curatorial	4,660,000	-	3,593,000	8,253,000	-	9,252,000
Education programs	3,469,000	-	878,000	4,347,000	-	4,551,000
Memberships	3,192,000	-	439,000	3,631,000	-	4,157,000
Retail, special events and publications	1,924,000	-	439,000	2,363,000	-	2,682,000
Total program expenses	30,730,000	-	7,425,000	38,155,000	-	42,852,000
Supporting services expenses						
Management and general	18,294,000	-	1,158,000	19,452,000	85,000	19,528,000
Fundraising	1,971,000	-	679,000	2,650,000	-	2,686,000
Total supporting services expenses	20,265,000	-	1,837,000	22,102,000	85,000	22,214,000
Total operating expenses	50,995,000	-	9,262,000	60,257,000	85,000	65,066,000
Excess (deficiency) of operating revenues and support over operating expenses	3,849,000	-	(9,262,000)	(5,413,000)	17,856,000	47,064,000
NONOPERATING ACTIVITIES						
Investment return utilized for nonoperating activities	-	11,115,000	-	11,115,000	80,707,000	(4,005,000)
Investment return designated for purchases of art	363,000	-	-	363,000	(363,000)	-
Net gain on extinguishment of bonds payable	-	-	241,000	241,000	-	-
Interest expense, net of bond premium and issuance costs amortization	-	-	(2,955,000)	(2,955,000)	-	(4,549,000)
Net assets released for purchases of art	46,775,000	-	-	46,775,000	(46,775,000)	-
Purchases of art	(51,245,000)	-	-	(51,245,000)	-	(13,661,000)
Investment return on non-endowment assets	3,863,000	-	-	3,863,000	152,000	2,639,000
Net assets transferred for interest payments	(4,353,000)	-	4,353,000	-	-	-
Net assets transferred to endowment	(9,447,000)	1,103,000	-	(8,344,000)	8,344,000	-
Net periodic pension charges other than service cost	(270,000)	-	-	(270,000)	-	157,000
Change in post-retirement health and other benefits other than net periodic pension charges and service cost	2,835,000	-	-	2,835,000	-	(2,839,000)
Changes in net assets	(7,630,000)	12,218,000	(7,623,000)	(3,035,000)	59,921,000	24,806,000
NET ASSETS						
Beginning of year	127,728,000	48,018,000	243,216,000	418,962,000	391,228,000	785,384,000
End of year	\$ 120,098,000	\$ 60,236,000	\$ 235,593,000	\$ 415,927,000	\$ 451,149,000	\$ 810,190,000

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, 2020

	Net Assets without Donor Restrictions			Net Assets with Donor Restrictions	2020 Total
	Operations	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
Contributions for endowments	-	-	-	-	3,530,000
Benefit and special events 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	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	19,528,000
Fundraising	2,194,000	-	492,000	2,686,000	2,686,000
Total supporting services expenses	20,913,000	-	1,275,000	22,188,000	22,214,000
Total operating expenses	55,640,000	-	9,400,000	65,040,000	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
NONOPERATING ACTIVITIES					
Investment return utilized for nonoperating activities	-	(551,000)	-	(551,000)	(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)	(13,661,000)
Collection items sold	-	-	-	-	-
Investment return on non-endowment assets	2,416,000	-	-	2,416,000	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 and service cost	(2,839,000)	-	-	(2,839,000)	(2,839,000)
Changes in net assets	(6,365,000)	(551,000)	(7,297,000)	(14,213,000)	24,806,000
NET ASSETS					
Beginning of year	134,093,000	48,569,000	250,513,000	433,175,000	785,384,000
End of year	\$ 127,728,000	\$ 48,018,000	\$ 243,216,000	\$ 418,962,000	\$ 810,190,000

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, 2021

	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	\$ 7,188,000	\$ 3,187,000	\$ 2,107,000	\$ 1,480,000	\$ 1,348,000	\$ 15,310,000	\$ 8,999,000	\$ 1,380,000	\$ 10,379,000	\$ 25,689,000
Employee benefits	1,172,000	578,000	299,000	251,000	256,000	2,556,000	1,931,000	229,000	2,160,000	4,716,000
Employee benefits-pension and 403(b)	515,000	245,000	137,000	114,000	103,000	1,114,000	599,000	101,000	700,000	1,814,000
Payroll taxes	508,000	208,000	148,000	104,000	99,000	1,067,000	145,000	81,000	226,000	1,293,000
Rent	-	-	245,000	-	-	245,000	-	-	-	245,000
Storage	3,036,000	-	-	-	-	3,036,000	168,000	-	168,000	3,204,000
Construction	369,000	-	-	-	-	369,000	-	-	-	369,000
Installation	83,000	-	-	-	-	83,000	1,000	-	1,000	84,000
Professional fees	90,000	-	86,000	170,000	4,000	350,000	1,488,000	12,000	1,500,000	1,850,000
Insurance	28,000	-	-	-	-	28,000	792,000	-	792,000	820,000
Fine art insurance	-	-	-	-	-	-	513,000	-	513,000	513,000
Printing and reproduction	86,000	-	1,000	519,000	-	606,000	7,000	1,000	8,000	614,000
Postage and couriers	20,000	2,000	5,000	286,000	-	313,000	12,000	5,000	17,000	330,000
Advertising and public relations	747,000	-	-	1,000	2,000	750,000	11,000	-	11,000	761,000
Other marketing costs	100,000	9,000	11,000	40,000	10,000	170,000	96,000	-	96,000	266,000
Telephone	5,000	-	-	-	1,000	6,000	142,000	-	142,000	148,000
Utilities	158,000	-	7,000	-	-	165,000	1,034,000	-	1,034,000	1,199,000
Packing and crating	87,000	-	-	-	-	87,000	-	-	-	87,000
Shipping	367,000	-	-	-	-	367,000	-	-	-	367,000
Other exhibition costs	171,000	28,000	6,000	-	-	205,000	1,000	8,000	9,000	214,000
Building supplies, services, maintenance and repairs	40,000	-	1,000	-	-	41,000	1,324,000	-	1,324,000	1,365,000
Fellowships	-	-	4,000	-	-	4,000	177,000	-	177,000	181,000
Consultants and honorarium	255,000	8,000	200,000	18,000	-	481,000	57,000	11,000	68,000	549,000
Travel	6,000	4,000	1,000	2,000	1,000	14,000	28,000	-	28,000	42,000
Meals	5,000	1,000	1,000	3,000	1,000	11,000	26,000	3,000	29,000	40,000
Lodging	-	1,000	-	-	1,000	2,000	5,000	-	5,000	7,000
Dues and subscriptions	1,000	-	61,000	4,000	4,000	70,000	166,000	19,000	185,000	255,000
Other	2,236,000	22,000	59,000	155,000	49,000	2,521,000	539,000	52,000	591,000	3,112,000
Depreciation	2,288,000	3,960,000	968,000	484,000	484,000	8,184,000	1,276,000	748,000	2,024,000	10,208,000
Total operating expenses	\$ 19,561,000	\$ 8,253,000	\$ 4,347,000	\$ 3,631,000	\$ 2,363,000	\$ 38,155,000	\$ 19,537,000	\$ 2,650,000	\$ 22,187,000	\$ 60,342,000
Interest expense, net of bond premium and issuance costs amortization	662,000	1,146,000	280,000	140,000	140,000	2,368,000	370,000	217,000	587,000	2,955,000
Total expenses	\$ 20,223,000	\$ 9,399,000	\$ 4,627,000	\$ 3,771,000	\$ 2,503,000	\$ 40,523,000	\$ 19,907,000	\$ 2,867,000	\$ 22,774,000	\$ 63,297,000

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
Interest expense, net of bond premium and issuance costs amortization	1,007,000	2,047,000	379,000	260,000	238,000	3,931,000	380,000	238,000	618,000	4,549,000
Total expenses	\$ 23,218,000	\$ 11,299,000	\$ 4,930,000	\$ 4,417,000	\$ 2,919,000	\$ 46,783,000	\$ 19,908,000	\$ 2,924,000	\$ 22,832,000	\$ 69,615,000

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,

	2021	2020
Cash flows from operating activities	\$ 56,886,000	\$ 24,806,000
Changes in net assets		
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,208,000	10,168,000
Amortization of bond premium	(1,511,000)	(567,000)
Amortization of deferred issuance costs	111,000	114,000
Net gain on extinguishment of bonds payable	(241,000)	-
Forgiveness of loan payable	(5,593,000)	-
Change in reserve for doubtful accounts	(5,000,000)	-
In-kind contributions	(169,000)	(68,000)
Receipt of contributed securities	(2,722,000)	(42,184,000)
Proceeds from sale of contributed securities	2,722,000	42,184,000
Purchases of art	51,245,000	13,661,000
Net unrealized and realized gain on investments	(110,654,000)	(10,925,000)
Contributions restricted for endowment	(7,134,000)	(6,603,000)
Change in operating assets and liabilities		
Decrease (increase) in accounts receivable, prepaid expenses and other	27,793,000	(23,875,000)
Decrease in contributions receivable	4,862,000	10,550,000
Increase in publications and sales inventories	(194,000)	(151,000)
Increase in right-of-use assets, operating leases, net	(20,171,000)	-
Increase (decrease) in accounts payable and accrued expenses	3,175,000	(2,334,000)
Increase (decrease) in deferred revenue	18,000	(281,000)
(Decrease) increase in accrued pension obligation	(2,774,000)	2,237,000
Increase (decrease) in deferred traveling and accrued exhibition fees	117,000	(3,905,000)
Decrease in bonds interest payable	(731,000)	-
Increase in operating lease liabilities	20,637,000	-
	20,880,000	12,827,000
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of equipment	(699,000)	(2,568,000)
Proceeds from sale of investments	178,885,000	93,343,000
Purchase of investments	(146,519,000)	(110,562,000)
Purchases of art	(51,245,000)	(13,661,000)
	(19,578,000)	(33,448,000)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from loans and lines of credit payable	-	10,593,000
Payments on lines of credit payable	(5,000,000)	-
Proceeds from issuance of bonds payable	101,214,000	-
Payments on bonds payable	(100,000,000)	-
Payments of bond issuance costs	(1,125,000)	-
Contributions restricted for endowment	7,134,000	6,603,000
	2,223,000	17,196,000
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	3,525,000	(3,425,000)
Cash and cash equivalents		
Beginning of year	14,204,000	17,629,000
End of year	\$ 17,729,000	\$ 14,204,000
Supplemental data		
Cash paid for interest	\$ 5,085,000	\$ 5,002,000
Receipt of contributed securities	\$ 2,722,000	\$ 42,184,000

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

Whitney Museum of American Art
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - ORGANIZATION

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 location.

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, 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 2022 and future operating results. In response, the Museum has taken efforts to generate new revenues and reduce cash outflows 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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ("U.S. 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 - CONTINUED

June 30, 2021 and 2020

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 3).

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 \$3,295,000 and \$3,261,000 of finished goods and \$1,349,000 and \$1,189,000 of work in process at June 30, 2021 and 2020, 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 the reporting date if it had liquidated its investments. Because alternative investments may not be readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments 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.

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

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 investments, 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.

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.

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 U.S. 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.

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.

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 the conduct of 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 2021 and 2020, the Museum incurred advertising and public relations expenses of \$761,000 and \$1,239,000, 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 - 50 years; capital improvements, office furniture and equipment - 3 to 15 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 \$837,000 and \$720,000 at June 30, 2021 and 2020, 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, 2021 and 2020, is \$26,736,000 and \$925,000, respectively, of bond premiums related to the 2021 Refunding Revenue Bonds and Series 2011 Revenue Bonds issuances, respectively. These premiums are amortized over a straight-line basis over the life of the bonds, which approximates the effective interest method. Amortization totaled \$1,511,000 and \$567,000 for the years ended June 30, 2021 and 2020, respectively. Also included in bonds payable are deferred issuance costs related to the 2021 Refunding Revenue Bonds and 2011 Revenue Bonds issuances of \$1,073,000 and \$450,000 at June 30, 2021 and 2020, respectively. These costs are amortized over a straight-line basis over the life of the bonds. Amortization expense totaled \$111,000 and \$114,000 for the years ended June 30, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with U.S. 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 - CONTINUED

June 30, 2021 and 2020

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 63% and 57% of contributions receivable at June 30, 2021 and 2020, respectively. Three donors represented 37% and 61% of contributions revenue for the years ended June 30, 2021 and 2020, 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 (Topic 842)* ("ASU 2016-02"), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use ("ROU") asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the ROU asset. The Museum adopted this standard for the year ended June 30, 2021.

In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* ("ASU 2019-03"), to improve the definition of collections in the FASB's Master Glossary by realigning it with the definition in the American Alliance of Museums' Code of Ethics for Museums. Under the clarified definition, proceeds from the sale of collection items can now be used for the direct care of collections, whereas previously such proceeds could only be used for the acquisition of new collection items. Furthermore, this standard requires a collection-holding entity to disclose its policy for the use of proceeds from when collection items are deaccessioned. If the policy allows proceeds from deaccessioned collection items to be used for direct care, the definition of direct care should also be disclosed. The Museum adopted this standard for the year ended June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

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In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”). ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. The provisions of ASU No. 2020-04 are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. The Museum is currently evaluating the impact of applying this standard.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the 2021 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses, or changes in net assets as reflected in the 2020 financial statements.

NOTE 3 - 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 reporting requires an organization to determine the unit of account, the mechanism of a 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 - CONTINUED

June 30, 2021 and 2020

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, 2021 and 2020:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 11,448,000	\$ 11,488,000	\$ 9,320,000	\$ 9,320,000
Fixed income investments				
Registered mutual funds	54,237,000	54,026,000	17,972,000	17,803,000
Government securities	-	-	117,711,000	116,572,000
Equity investments				
Equity securities	34,710,000	20,228,000	26,924,000	17,549,000
Registered mutual funds	867,000	709,000	754,000	736,000
Total investments included in the fair value hierarchy	101,262,000	86,411,000	172,681,000	161,980,000
Investments measured at NAV	467,891,000	252,920,000	309,246,000	191,594,000
Investment redemption receivable	752,000	752,000	2,190,000	2,190,000
Pending investment purchase	-	-	7,500,000	7,500,000
Total investments	<u>\$ 569,905,000</u>	<u>\$ 340,083,000</u>	<u>\$ 491,617,000</u>	<u>\$ 363,264,000</u>

The Museum submitted redemption requests relative to certain of its investment funds, which remained outstanding as of June 30, 2021 and 2020. 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 the respective year-end.

Whitney Museum of American Art
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

As of June 30, 2021 and 2020, the Museum held investments in the following categories:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Endowment investments	\$ 470,660,000	\$ 224,683,000	\$ 370,651,000	\$ 243,457,000
Non-endowment investments	96,634,000	92,948,000	-	-
Other investments*	2,611,000	2,452,000	120,966,000	119,807,000
Total investments	<u>\$ 569,905,000</u>	<u>\$ 340,083,000</u>	<u>\$ 491,617,000</u>	<u>\$ 363,264,000</u>

*Gift annuities and funds held by bond trustee

As of June 30, 2021 and 2020, the Museum had the following investments, which represented more than 5% of total net assets:

	2021		2020	
	Fair Value	% of Net Assets	Fair Value	% of Net Assets
U.S. Treasury Securities	\$ -	-%	\$ 117,711,000	14.53%
Adage Capital Partners	\$ 88,823,000	10.24%	\$ 61,084,000	7.54%

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Investment return and its classification in the statement of activities for the year ended June 30, 2021 follows:

	Net Assets without Donor Restrictions		Net Assets with Donor Restrictions	2021 Total
	Operations	Board- designated for Endowment		
Investment return on endowment investments:				
Dividends and interest	\$ -	\$ 214,000	\$ 1,538,000	\$ 1,752,000
Realized gains	-	1,078,000	7,602,000	8,680,000
Unrealized gains	-	12,094,000	86,689,000	98,783,000
Less: Advisory and custody fees	-	(67,000)	(485,000)	(552,000)
Total investment return on endowment investments	-	13,319,000	95,344,000	108,663,000
Investment return designated for current operations	16,841,000	(2,204,000)	(14,637,000)	-
Investment return on non-endowment and other investments:				
Dividends and interest	811,000	-	14,000	825,000
Realized gains	506,000	-	-	506,000
Unrealized gains	2,547,000	-	138,000	2,685,000
Less: Advisory and custody fees	(1,000)	-	-	(1,000)
Total investment return on non-endowment and other investments	3,863,000	-	152,000	4,015,000
Total investment return, net	\$ 20,704,000	\$ 11,115,000	\$ 80,859,000	\$ 112,678,000

Investment return designated for current operations of \$16,841,000 represents funds which have been made available for spending pursuant to the Museum's authorized spending rate.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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

	Net Assets without Donor Restrictions		Net Assets with Donor Restrictions	2020 Total
	Operating	Board- designated for Endowment		
Investment return on endowment investments:				
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 investments	-	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 investments	2,416,000	-	223,000	2,639,000
Total investment return, net	\$ 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

The fair values of the Museum's financial assets that are measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value at June 30, 2021	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 11,448,000	\$ 11,448,000	\$ -	\$ -
Fixed income investments				
Registered mutual funds	54,237,000	54,237,000	-	-
Equity investments				
Equity securities	34,710,000	34,710,000	-	-
Registered mutual funds	<u>867,000</u>	<u>867,000</u>	<u>-</u>	<u>-</u>
Total investments included in the fair value hierarchy	101,262,000	<u>\$ 101,262,000</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV	467,891,000			
Investment redemption receivable	<u>752,000</u>			
Total investments	<u>\$ 569,905,000</u>			

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 investments included in the fair value hierarchy	172,681,000	<u>\$ 172,681,000</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV	309,246,000			
Investment redemption receivable	2,190,000			
Pending investment purchase	<u>7,500,000</u>			
Total investments	<u>\$ 491,617,000</u>			

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).

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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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, 2021 and 2020.

Category of Investment	Number of Funds	Fair Value Determined Using NAV at June 30, 2021	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms
Equity investment funds	7	\$ 190,111,000	N/A	Monthly - 26.49% Quarterly - 66.03% Every 3 years - 7.48%	92.52% have no lock-up 7.48% have 3 year rolling lock-up One fund has a gate that triggers at 20% of fund level NAV.
Equity long/short	10	98,379,000	N/A	Quarterly - 95.76% Every 2 years - 3.12% N/A - 1.12%	74.37% have no lock-up 5.83% have 1 year lock-up 7.56% have 2-year lock-up 12.24% have 3-year lock-up. One fund has a gate that triggers at 25% of investor level NAV. Three funds have gate triggers that range from 25-33% of investor level NAV / quarter.
Multi-strategy and other	16	143,582,000	5,900,000	Weekly - 10.50% Monthly - 7.03% Quarterly - 48.27% Semi-annually - 4.01% Annually - 14.64% Every 3 years - 6.70% N/A - 8.85%	94.71% have no lock-up 5.29% have 1 year lock-up. Two funds have gate triggers that range from 10-25% of fund level NAV. Two funds have gates that trigger at 25% of investor level NAV / quarter.
Real assets	1	5,291,000	N/A	Monthly	N/A
Private equity	10	30,528,000	14,188,000	N/A	N/A
	<u>44</u>	<u>\$ 467,891,000</u>	<u>\$ 20,088,000</u>		
Category of Investment	Number 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
	<u>40</u>	<u>\$ 309,246,000</u>	<u>\$ 15,591,000</u>		

Whitney Museum of American Art
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, discounted to present value at June 30, 2021 and 2020 consist of unconditional promises to give and are due from the following:

	2021	2020
Individuals	\$ 9,205,000	\$ 18,637,000
Corporations	961,000	1,332,000
Foundations	12,200,000	7,198,000
Government and New York State and City	104,000	23,000
Gross contributions and grants receivable	22,470,000	27,190,000
Less: Allowance for doubtful accounts	(175,000)	(5,175,000)
Less: Discount to present value (at rates between 0.79% and 3.23%)	(249,000)	(276,000)
	\$ 22,046,000	\$ 21,739,000

During the year ended June 30, 2021, the Museum wrote-off a \$5,000,000 pledge that had been previously fully reserved.

The gross contributions receivable at June 30, 2021 are due to be collected as follows:

Fiscal Year June 30,	
2022	\$ 12,470,000
2023-2025	10,000,000
	\$ 22,470,000

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 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.

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, is comprised of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 34,662,000	\$ 34,662,000
Building and capital improvements	388,183,000	387,710,000
Furniture, fixtures and equipment	22,974,000	22,748,000
	445,819,000	445,120,000
Less: Accumulated depreciation	(81,355,000)	(71,147,000)
	\$ 364,464,000	\$ 373,973,000

Depreciation totaled \$10,208,000 and \$10,168,000 for the years ended June 30, 2021 and 2020, respectively, of which \$9,262,000 and \$9,400,000, respectively, was reflected in plant and equipment funded by designated gifts and \$946,000 and \$768,000, respectively, was reflected in operating net assets without donor restrictions on the statements of activities.

NOTE 6 - LEASES

The Museum assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Museum's right to control the use of an identified asset for a period of time in exchange for consideration. The Museum leases office, storage and studio space under non-cancelable lease agreements, for which the related ROU assets and lease liabilities have been recorded in the accompanying 2021 statement of financial position. These leases expire on various dates through fiscal 2028 and are subject to escalation for real estate taxes and other building operating expenses. The Museum measures its lease assets and liabilities using the risk-free rate of return selected based on the term of the lease. The Museum considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and liabilities. The Museum has included renewal periods in its assessment of lease terms when provided for in the lease. The Museum's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantees.

Supplemental statement of financial position information related to operating leases at June 30, 2021 follows:

ROU assets	\$ 23,393,000
Less: Accumulated amortization	(3,222,000)
	\$ 20,171,000

Weighted-average remaining lease term:	6.4 years
Weighted-average discount rate:	0.51%

Whitney Museum of American Art
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

Fiscal Year June 30:

2022	\$ 3,041,000
2023	3,134,000
2024	3,063,000
2025	3,242,000
2026	3,338,000
Thereafter	<u>5,181,000</u>
Total lease obligations, gross	20,999,000
Less: Amounts representing interest with rates ranging from 0.19% to 0.52%	<u>(362,000)</u>
Total lease liabilities	<u>\$ 20,637,000</u>

Rent expense (including escalation costs) amounted to \$3,449,000 and \$2,786,000 for the years ended June 30, 2021 and 2020, respectively. During fiscal 2021, there were no new lease agreements.

The components of lease cost for the year ended June 30, 2021 are as follows:

Operating lease cost	\$ 2,752,000
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Supplemental cash flow information related to leases for the year ended June 30, 2021 follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 2,869,000

NOTES 7 - BONDS PAYABLE, NET OF PREMIUM AND COST OF ISSUANCE

Bonds payable at June 30, 2021 and 2020 are as follows:

	2021	2020
Series 2021 Bonds	\$ 73,260,000	\$ -
Series 2011 Bonds	-	100,000,000
Bond premium, net of accumulated amortization of \$1,218,000	26,736,000	925,000
Debt issuance costs, net of accumulated amortization of \$52,000	<u>(1,073,000)</u>	<u>(450,000)</u>
	<u>\$ 98,923,000</u>	<u>\$ 100,475,000</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.

In January 2021, the Trust issued Whitney Museum of American Art Refunding Revenue Bonds, Series 2021, for the purpose of refunding the then outstanding balance of the Series 2011 bonds. The bonds have a fixed interest rate of 5.0% and are due in 2031, and were issued at a premium of \$27,954,000, net of deferred issuance costs of \$1,125,000. Coincident to the refunding of the Series 2011 outstanding balance, the Museum wrote-off \$632,000 of unamortized Series 2011 bond premiums and \$391,000 of Series 2011

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

deferred issuance costs, resulting in a \$241,000 net gain on the extinguishment of bonds payable.

The Series 2021 bonds consist of the following amount and maturity at June 30, 2021:

	Principal	Rate	Maturity
Bond, Series 2021			
Term bonds (callable in 2021)	\$ 73,260,000	5.0%	July 1, 2031

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

	Principal	Rate	Maturity
Bond, Series 2011			
Serial bonds (callable in 2021)	\$ 50,000,00	5.0%	July 2, 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
	\$ 100,000,000		

Minimum principal bond payments due are as follows:

Fiscal Year June 30:

2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		73,260,000
		\$ 73,260,000

NOTE 8 - 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 0.65% 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 - CONTINUED

June 30, 2021 and 2020

The following table provides information with respect to the defined benefit plan as of and for the years ended June 30, 2021 and 2020:

	2021	2020
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 18,839,000	\$ 16,302,000
Interest cost	466,000	536,000
Settlements	(1,616,000)	(63,000)
Benefits paid	(310,000)	(211,000)
Actuarial (gain) loss	(135,000)	2,275,000
	17,244,000	18,839,000
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	11,317,000	11,017,000
Actual return on plan assets	3,020,000	4,000
Employer contributions	570,000	790,000
Benefits paid	(310,000)	(211,000)
Settlements	(1,616,000)	(63,000)
Administrative expenses paid	(485,000)	(220,000)
	12,496,000	11,317,000
	\$ (4,748,000)	\$ (7,522,000)
Amounts recognized in the statement of financial position consist of		
Accrued pension obligation	\$ 4,748,000	\$ 7,522,000
Amounts recognized in net assets without donor restrictions consist of		
Net loss	\$ 4,727,000	\$ 7,561,000
Accumulated benefit obligation at end of year	\$ 17,244,000	\$ 18,839,000
Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions		
Service cost	\$ 230,000	\$ 225,000
Interest cost	466,000	536,000
Expected return on plan assets	(797,000)	(777,000)
Settlements	443,000	-
Amortization of net loss	158,000	84,000
	500,000	68,000
Other changes in plan assets and benefit obligation recognized in net assets without donor restrictions		
Current year net (gain) loss and amortized (gain) loss for year	(2,835,000)	2,839,000
	(2,835,000)	2,839,000
Total recognized in net periodic benefit cost and net assets without donor restrictions	\$ (2,335,000)	\$ 2,907,000
Weighted-average assumptions as of June 30 used for obligations:		
Discount rate	2.70%	2.55%
Expected return on plan assets	7.25%	7.25%
Weighted-average assumptions used for net periodic benefit cost for year ended June 30:		
Discount rate	2.55%	3.40%
Expected return on plan assets	7.25%	7.25%

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 2022 is \$85,000.

Estimated contributions expected to be paid by the Museum during the fiscal year ended June 30, 2022 total \$0.

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, 2021 and 2020, the Museum's target allocation percentages for plan assets were 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, 2021 and 2020 by asset category is as follows:

	2021	2020
Equity securities	73.7%	73.9%
Fixed income	25.6%	17.9%
Cash and cash equivalents	0.7%	8.2%
	100.0%	100.0%

The Museum's pension plan assets are comprised of the following at June 30, 2021:

		Based on		
		Fair Value at June 30, 2021	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
Equity	\$ 9,214,000	\$ 9,214,000	\$ -	\$ -
Fixed income	3,202,000	3,202,000	-	-
Cash and cash equivalents	80,000	80,000	-	-
Total fair value of plan assets	\$ 12,496,000	\$ 12,496,000	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2021 and 2020

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

	Fair Value at June 30, 2021	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
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	\$ 11,317,000	\$ 11,317,000	\$ -	\$ -

Future benefits are expected to be paid as follows:

2022	\$ 1,141,000
2023	1,192,000
2024	989,000
2025	1,169,000
2026	1,043,000
Thereafter	<u>4,480,000</u>
	<u>\$ 10,014,000</u>

NOTE 9 - LOANS AND LINES OF CREDIT PAYABLE

At June 30, 2021 and 2020, the Museum had available a \$10,000,000 unsecured line of credit ("the facility"). The term of the facility is one year, which may be extended subject to Bank approval. The line of credit expires on January 21, 2022. 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, 2021 and 2020, the Museum had an outstanding borrowing against the facility of \$0 and \$5,000,000, respectively. The interest rate charged on any outstanding principal amount borrowed is LIBOR plus 0.65% and 0.50%, respectively, which equaled 0% and 1.482% at June 30, 2021 and 2020, respectively.

During fiscal 2020, the Museum participated in the U.S. Small Business Administration's ("SBA") 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. In June of 2021 the loan was forgiven and the \$5,593,000 was recorded as grant revenue in the 2021 accompanying statement of activities.

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 - CONTINUED

June 30, 2021 and 2020

NOTE 10 - NET ASSETS

The Museum's net assets without donor restrictions at June 30, 2021 and 2020 are comprised of held for operations, Board-designated and designated for plant and equipment, as follows:

	2021	2020
Operations	\$ 120,098,000	\$ 127,728,000
Board-designated for endowment	60,236,000	48,018,000
Plant and equipment funded by designated gifts	235,593,000	243,216,000
	\$ 415,927,000	\$ 418,962,000

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 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 this net asset category as well.

In 2021 and 2020, the Museum transferred \$4,353,000 and \$6,652,000, respectively, of operating funds to its plant fund for interest payments and property, plant and equipment purchases.

Net assets with donor restrictions as of June 30, 2021 and 2020, which are subject to expenditure for specified purposes, are as follows:

	2021	2020
Exhibition programs	\$ 10,889,000	\$ 7,746,000
Purchase of works of art	6,980,000	49,279,000
Support of other Museum programs	11,572,000	10,382,000
Endowment earnings with purpose restrictions (Note 11)	157,833,000	69,195,000
	\$ 187,324,000	\$ 136,602,000

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Net assets with donor restrictions comprising the Museum’s permanent endowment as of June 30, 2021 and 2020, the income from which is subject to the Museum’s spending policy and appropriation, consist of the following:

	2021	2020
Endowment funds for general operating support	\$ 142,073,000	\$ 141,849,000
Endowment funds, the earnings from which are restricted for:		
Support of exhibition programs	37,986,000	37,951,000
Purchases of works of art	8,069,000	7,382,000
Curatorial support	26,975,000	19,475,000
Other programs	48,722,000	47,969,000
	\$ 263,825,000	\$ 254,626,000

NOTE 11 - ENDOWMENT

The Museum’s endowment consists of 141 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 U.S. 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 - CONTINUED

June 30, 2021 and 2020

- 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 restriction 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 - CONTINUED

June 30, 2021 and 2020

The Museum's endowment consists of the following at June 30, 2021 and 2020:

	Endowment Net Asset Composition by Type of Fund at June 30, 2021				
	Net Assets	Net Assets with Donor Restrictions			
	Without Donor Restrictions	Accumulated Gains	Original Gift	Total	Total
Donor-restricted endowment funds	\$ -	\$ 157,883,000	\$ 263,825,000	\$ 421,708,000	\$ 421,708,000
Board-designated endowment funds	60,236,000	-	-	-	60,236,000
Total endowment funds	\$ 60,236,000	\$ 157,883,000	\$ 263,825,000	\$ 421,708,000	\$ 481,944,000

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

The Museum's endowment had the following changes for the years ended June 30, 2021 and 2020.

	Changes in Endowment Net Assets for the Year Ended June 30, 2021				
	Net Assets	Net Assets with Donor Restrictions			
	Without Donor Restrictions	Accumulated Gains	Amounts Held in Perpetuity	Total	Total
Endowment funds, June 30, 2020	\$ 48,018,000	\$ 69,195,000	\$ 254,626,000	\$ 323,821,000	\$ 371,839,000
Investment return					
Investment income	147,000	1,053,000	-	1,053,000	1,200,000
Net appreciation (realized and unrealized)	13,172,000	94,291,000	-	94,291,000	107,463,000
Total investment return	13,319,000	95,344,000	-	95,344,000	108,663,000
Contributions	-	-	9,199,000	9,199,000	9,199,000
Appropriation of endowment funds for expenditure for operations	(2,204,000)	(14,637,000)	-	(14,637,000)	(16,841,000)
Appropriation of endowment funds for expenditure for purchases of art	-	(363,000)	-	(363,000)	(363,000)
Net assets transferred to endowment	1,103,000	8,344,000	-	8,344,000	9,447,000
Endowment funds, June 30, 2021	\$ 60,236,000	\$ 157,883,000	\$ 263,825,000	\$ 421,708,000	\$ 481,944,000

Endowment funds as of June 30, 2021 include endowment investments of \$470,660,000 and contributions receivable for the endowment of \$11,284,000. During fiscal 2021, the Museum transferred certain net assets from operations pertaining to endowment investment earnings appropriated for expenditure that were not spent back to its endowment for reinvestment.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

	Changes in Endowment Net Assets for the Year Ended June 30, 2020				
	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions			
		Accumulated Gains	Amounts Held in Perpetuity	Total	Total
Endowment funds, June 30, 2019	\$ 48,569,000	\$ 72,649,000	\$ 251,096,000	\$ 323,745,000	\$ 372,314,000
Investment return					
Investment income	139,000	770,000	-	770,000	909,000
Net appreciation (realized and unrealized)	1,406,000	9,519,000	-	9,519,000	10,925,000
Total investment return	1,545,000	10,289,000	-	10,289,000	11,834,000
Contributions	-	-	3,530,000	3,530,000	3,530,000
Appropriation of endowment funds for expenditure for operations	(2,2096,000)	(13,743,000)	-	(13,743,000)	(15,839,000)
Endowment funds, June 30, 2020	\$ 48,018,000	\$ 69,195,000	\$ 254,626,000	\$ 323,821,000	\$ 371,839,000

The endowment funds classified as net assets without donor restrictions and new assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Net assets without donor restrictions		
Board-designated endowment	\$ 60,236,000	\$ 48,018,000
Net assets with donor restrictions		
General operating support awaiting Board appropriation	243,051,000	187,504,000
Acquisitions	13,969,000	10,116,000
Conservation	23,805,000	18,946,000
Curatorial	37,531,000	23,203,000
Director	4,048,000	3,335,000
Education	32,032,000	25,924,000
Exhibitions	53,668,000	44,337,000
Film and video	1,182,000	1,182,000
Independent study program	7,897,000	6,312,000
Internship	818,000	-
Library/publications	3,707,000	2,962,000
	<u>421,708,000</u>	<u>323,821,000</u>
Total endowment funds	<u>\$ 481,944,000</u>	<u>\$ 371,839,000</u>

NOTE 12 - REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS

For the years ended June 30, 2021 and 2020, the Museum recognized revenue of \$1,132,000 and \$5,492,000, 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 \$1,451,000 and \$1,316,000 as of June 30, 2021 and 2020, respectively, are expected to be satisfied in the subsequent fiscal year, as follows:

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

	2021	2020
Admissions	\$ 215,000	\$ 233,000
Memberships	399,000	363,000
Traveling exhibition fees	837,000	720,000
	\$ 1,451,000	\$ 1,316,000

NOTE 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, 2021 and 2020 that could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 17,729,000	\$ 14,204,000
Accounts receivable, net	1,217,000	1,226,000
Contributions receivable, due within one year	12,470,000	18,109,000
Non-endowment investments	96,634,000	-
	128,050,000	33,539,000
Less: Contributions receivable due within one year subject to donor restrictions	(10,882,000)	(15,619,000)
Less: Non-endowment investments subject to redemption restrictions greater than one year	(17,519,000)	-
Add: Anticipated appropriation of endowment funds for expenditure in subsequent fiscal year	19,193,000	17,229,000
Total financial assets available to management for general expenditures within one year	118,842,000	35,149,000
Liquidity resources		
Available line of credit	10,000,000	5,000,000
Total financial assets and liquidity resources available to management for general expenditures within one year	\$ 128,842,000	\$ 40,149,000

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 Note 11 for a detail of the Museum's endowment fund). The extent of available financial assets as of June 30, 2021 and 2020, 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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.

NOTE 15 - SUBSEQUENT EVENTS

The Museum performed an evaluation of subsequent events through November 2, 2021 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 U.S. GAAP, are included in the accompanying financial statements.

In July 2021, the Museum was the recipient of a one-time \$10,000,000 Shuttered Venue Operators Grant ("SVOG") from the SBA for COVID-19 relief. The Museum believes that it will satisfy the conditions of this grant by the incurrence of qualifying expenditures in fiscal 2022.