

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Whitney Museum of American Art**

June 30, 2023 and 2022

**Contents**

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	8
Statements of cash flows	10
Notes to financial statements	11

---

**GRANT THORNTON LLP**

757 Third Ave., 9th Floor  
New York, NY 10017-2013

**D** +1 212 599 0100

**F** +1 212 370 4520

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
Whitney Museum of American Art

**Opinion**

We have audited the financial statements of Whitney Museum of American Art (the "Museum"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2023 and 2022, 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.

**Basis for opinion**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

New York, New York  
October 31, 2023

**Whitney Museum of American Art**

**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,172,000	\$ 31,331,000
Accounts receivable, net	1,529,000	1,420,000
Contributions and grants receivable, net	18,938,000	30,003,000
Art sale receivable	11,287,000	-
Publications and sales inventory, net	4,348,000	4,544,000
Prepaid expenses and other assets	2,639,000	4,077,000
Investments	527,110,000	481,183,000
Right-of-use assets, operating leases, net	13,684,000	16,935,000
Property, plant and equipment, net	371,102,000	355,940,000
Collections	-	-
Total assets	<b>\$ 972,809,000</b>	<b>\$ 925,433,000</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 11,908,000	\$ 7,453,000
Deferred revenue	874,000	593,000
Deferred traveling and accrued exhibition fees	1,955,000	1,376,000
Operating lease liabilities	14,645,000	17,694,000
Bond interest payable	-	1,832,000
Bonds payable, net of premium and deferred issuance costs	94,028,000	96,490,000
Accrued pension obligation	2,396,000	3,555,000
Total liabilities	125,806,000	128,993,000
<b>Net assets</b>		
Net assets without donor restrictions		
Operations	71,814,000	118,541,000
Board-designated for endowment	53,498,000	50,594,000
Plant and equipment funded by designated gifts	275,439,000	229,349,000
Total net assets without donor restrictions	400,751,000	398,484,000
Net assets with donor restrictions	446,252,000	397,956,000
Total net assets	847,003,000	796,440,000
Total liabilities and net assets	<b>\$ 972,809,000</b>	<b>\$ 925,433,000</b>

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

Whitney Museum of American Art

STATEMENT OF ACTIVITIES

Year ended June 30, 2023, with comparative totals for 2022

	Net Assets without Donor Restrictions			Total	Net Assets with Donor Restrictions		
	Operations	Board-Designated for Endowment	Plant Fund		Restrictions	2023 Total	2022 Total
<b>Operating revenue and support</b>							
Admissions	\$ 10,979,000	\$ -	\$ -	\$ 10,979,000	\$ -	\$ 10,979,000	\$ 7,648,000
Memberships	9,411,000	-	-	9,411,000	-	9,411,000	7,972,000
Contributions for operations	13,720,000	-	-	13,720,000	-	13,720,000	6,529,000
Contributions for programs	-	-	-	-	13,202,000	13,202,000	26,088,000
Contributions for endowments	-	-	-	-	3,657,000	3,657,000	10,644,000
In-kind contributions	117,000	-	-	117,000	15,500,000	15,617,000	192,000
Federal Shuttered Venue Operators Grant	-	-	-	-	-	-	10,000,000
Benefit and special events income, net of \$1,327,000 of related expenses	5,115,000	-	-	5,115,000	-	5,115,000	4,695,000
Investment return designated for current operations	20,150,000	-	-	20,150,000	-	20,150,000	18,646,000
Publications and sales income, net of \$1,888,000 of cost of goods sold	1,533,000	-	-	1,533,000	-	1,533,000	946,000
Traveling exhibition fees, net of \$1,000 of related expenses	9,000	-	-	9,000	-	9,000	177,000
Fees, royalties and other	4,178,000	-	-	4,178,000	-	4,178,000	3,288,000
Net assets released from restrictions to fund operations	8,485,000	-	-	8,485,000	(8,485,000)	-	-
<b>Total operating revenue and support</b>	<b>73,697,000</b>	<b>-</b>	<b>-</b>	<b>73,697,000</b>	<b>23,874,000</b>	<b>97,571,000</b>	<b>96,825,000</b>
<b>Operating expenses</b>							
<b>Program expenses</b>							
Exhibitions	24,578,000	-	3,893,000	28,471,000	-	28,471,000	25,613,000
Conservation and curatorial	4,587,000	-	896,000	5,483,000	-	5,483,000	8,266,000
Education programs	4,851,000	-	772,000	5,623,000	-	5,623,000	4,777,000
Memberships	3,146,000	-	340,000	3,486,000	-	3,486,000	4,221,000
Retail, special events and publications	1,701,000	-	587,000	2,288,000	-	2,288,000	1,983,000
<b>Total program expenses</b>	<b>38,863,000</b>	<b>-</b>	<b>6,488,000</b>	<b>45,351,000</b>	<b>-</b>	<b>45,351,000</b>	<b>44,860,000</b>
<b>Supporting services expenses</b>							
Management and general	25,529,000	-	2,997,000	28,526,000	69,000	28,595,000	23,783,000
Fundraising	3,116,000	-	556,000	3,672,000	-	3,672,000	3,163,000
<b>Total supporting services expenses</b>	<b>28,645,000</b>	<b>-</b>	<b>3,553,000</b>	<b>32,198,000</b>	<b>69,000</b>	<b>32,267,000</b>	<b>26,946,000</b>
<b>Total operating expenses</b>	<b>67,508,000</b>	<b>-</b>	<b>10,041,000</b>	<b>77,549,000</b>	<b>69,000</b>	<b>77,618,000</b>	<b>71,806,000</b>
<b>Excess (deficiency) of operating revenues and support over operating expenses</b>	<b>6,189,000</b>	<b>-</b>	<b>(10,041,000)</b>	<b>(3,852,000)</b>	<b>23,805,000</b>	<b>19,953,000</b>	<b>25,019,000</b>
<b>Nonoperating activities</b>							
Investment return (loss) utilized for nonoperating activities	-	2,904,000	-	2,904,000	23,122,000	26,026,000	(85,356,000)
Investment return designated for purchases of art	807,000	-	-	807,000	(807,000)	-	-
Interest expense, net of amortization of bond premium and issuance costs	-	-	(1,216,000)	(1,216,000)	-	(1,216,000)	(1,230,000)
Proceeds from the sale of art	-	-	-	-	12,550,000	12,550,000	-
Net assets released for purchases of art	10,441,000	-	-	10,441,000	(10,441,000)	-	-
Purchases of art	(7,277,000)	-	-	(7,277,000)	-	(7,277,000)	(3,317,000)
Investment (loss) return on non-endowment assets	(544,000)	-	-	(544,000)	67,000	(477,000)	(7,294,000)
Net assets transferred for interest payments and property, plant and equipment purchases	(57,347,000)	-	57,347,000	-	-	-	-
Net periodic pension charges other than service cost	5,000	-	-	5,000	-	5,000	(63,000)
Change in post-retirement health and other benefits other than net periodic pension charges and service cost	999,000	-	-	999,000	-	999,000	1,605,000
<b>CHANGES IN NET ASSETS</b>	<b>(46,727,000)</b>	<b>2,904,000</b>	<b>46,090,000</b>	<b>2,267,000</b>	<b>48,296,000</b>	<b>50,563,000</b>	<b>(70,636,000)</b>
<b>Net assets</b>							
Beginning of year	118,541,000	50,594,000	229,349,000	398,484,000	397,956,000	796,440,000	867,076,000
End of year	\$ 71,814,000	\$ 53,498,000	\$ 275,439,000	\$ 400,751,000	\$ 446,252,000	\$ 847,003,000	\$ 796,440,000

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

Whitney Museum of American Art

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Net Assets without Donor Restrictions			Net Assets with Donor Restrictions	
	Operations	Board- Designated for Endowment	Plant Fund	Total	Total
<b>Operating revenue and support</b>					
Admissions	\$ 7,648,000	\$ -	\$ -	\$ 7,648,000	\$ -
Memberships	7,972,000	-	-	7,972,000	-
Contributions for operations	6,529,000	-	-	6,529,000	-
Contributions for programs	-	-	-	-	26,088,000
Contributions for endowments	-	-	-	-	10,644,000
In-kind contributions	192,000	-	-	192,000	-
Federal Shuttered Venue Operators Grant	10,000,000	-	-	10,000,000	-
Benefit and special events income, net of \$1,165,000 of related expenses	4,695,000	-	-	4,695,000	-
Investment return designated for current operations	18,646,000	-	-	18,646,000	-
Publications and sales income, net of \$1,447,000 of cost of goods sold	946,000	-	-	946,000	-
Traveling exhibition fees, net of \$105,000 of related expenses	177,000	-	-	177,000	-
Fees, royalties and other	3,288,000	-	-	3,288,000	-
Net assets released from restrictions to fund operations	11,499,000	-	-	11,499,000	(11,499,000)
<b>Total operating revenue and support</b>	<b>71,592,000</b>	<b>-</b>	<b>-</b>	<b>71,592,000</b>	<b>25,233,000</b>
<b>Operating expenses</b>					
Program expenses					
Exhibitions	23,586,000	-	2,027,000	25,613,000	-
Conservation and curatorial	4,611,000	-	3,655,000	8,266,000	-
Education programs	3,978,000	-	799,000	4,777,000	-
Memberships	3,852,000	-	369,000	4,221,000	-
Retail, special events and publications	1,645,000	-	338,000	1,983,000	-
<b>Total program expenses</b>	<b>37,672,000</b>	<b>-</b>	<b>7,188,000</b>	<b>44,860,000</b>	<b>-</b>
Supporting services expenses					
Management and general	22,410,000	-	1,259,000	23,669,000	114,000
Fundraising	2,426,000	-	737,000	3,163,000	-
<b>Total supporting services expenses</b>	<b>24,836,000</b>	<b>-</b>	<b>1,996,000</b>	<b>26,832,000</b>	<b>114,000</b>
<b>Total operating expenses</b>	<b>62,508,000</b>	<b>-</b>	<b>9,184,000</b>	<b>71,692,000</b>	<b>114,000</b>
<b>Excess (deficiency) of operating revenues and support over operating expenses</b>	<b>9,084,000</b>	<b>-</b>	<b>(9,184,000)</b>	<b>(100,000)</b>	<b>25,119,000</b>
<b>Nonoperating activities</b>					
Investment loss utilized for nonoperating activities	-	(10,126,000)	-	(10,126,000)	(75,230,000)
Investment return designated for purchases of art	547,000	-	-	547,000	(547,000)
Interest expense, net of amortization of bond premium and issuance costs	-	-	(1,230,000)	(1,230,000)	-
Net assets released for purchases of art	6,094,000	-	-	6,094,000	(6,094,000)
Purchases of art	(3,317,000)	-	-	(3,317,000)	-
Investment (loss) return on non-endowment assets	(7,190,000)	-	-	(7,190,000)	(104,000)
Net assets transferred for interest payments and property, plant and equipment purchases	(4,170,000)	-	4,170,000	-	-
Net assets transferred to endowment	(4,147,000)	484,000	-	(3,663,000)	3,663,000
Net periodic pension charges other than service cost	(63,000)	-	-	(63,000)	-
Change in post-retirement health and other benefits other than net periodic pension charges and service cost	1,605,000	-	-	1,605,000	-
<b>CHANGES IN NET ASSETS</b>	<b>(1,557,000)</b>	<b>(9,642,000)</b>	<b>(6,244,000)</b>	<b>(17,443,000)</b>	<b>(53,193,000)</b>
<b>Net assets</b>					
Beginning of year	120,098,000	60,236,000	235,593,000	415,927,000	451,149,000
End of year	\$ 118,541,000	\$ 50,594,000	\$ 229,349,000	\$ 398,484,000	\$ 397,956,000

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

**Whitney Museum of American Art**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2023

	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	\$ 10,247,000	\$ 3,400,000	\$ 2,402,000	\$ 960,000	\$ 1,267,000	\$ 18,276,000	\$ 10,692,000	\$ 2,070,000	\$ 12,762,000	\$ 31,038,000
Employee benefits	1,157,000	422,000	301,000	95,000	122,000	2,097,000	1,875,000	256,000	2,131,000	4,228,000
Employee benefits-pension and 403(b)	380,000	171,000	111,000	34,000	59,000	755,000	693,000	93,000	786,000	1,541,000
Payroll taxes	669,000	215,000	171,000	66,000	89,000	1,210,000	633,000	128,000	761,000	1,971,000
Rent	-	-	293,000	-	-	293,000	-	-	-	293,000
Storage	3,276,000	-	-	-	-	3,276,000	511,000	-	511,000	3,787,000
Construction	1,955,000	-	4,000	-	1,000	1,960,000	2,000	-	2,000	1,962,000
Installation	310,000	-	-	-	-	310,000	-	-	-	310,000
Professional fees	779,000	6,000	305,000	236,000	4,000	1,330,000	1,404,000	33,000	1,437,000	2,767,000
Insurance	2,000	-	-	-	-	2,000	972,000	-	972,000	974,000
Fine art insurance	-	-	-	-	-	-	496,000	-	496,000	496,000
Printing and reproduction	193,000	-	31,000	706,000	1,000	931,000	8,000	10,000	18,000	949,000
Postage and couriers	141,000	1,000	7,000	461,000	1,000	611,000	24,000	15,000	39,000	650,000
Advertising and public relations	1,502,000	-	3,000	19,000	2,000	1,526,000	5,000	-	5,000	1,531,000
Other marketing costs	355,000	10,000	70,000	49,000	5,000	489,000	150,000	(1,000)	149,000	638,000
Telephone	12,000	-	-	-	1,000	13,000	135,000	-	135,000	148,000
Utilities	184,000	-	16,000	-	-	200,000	1,467,000	-	1,467,000	1,667,000
Packing and crating	324,000	-	-	-	-	324,000	-	-	-	324,000
Shipping	895,000	-	-	-	-	895,000	-	-	-	895,000
Other exhibition costs	287,000	37,000	34,000	1,000	-	359,000	4,000	3,000	7,000	366,000
Building supplies, services, maintenance and repairs	135,000	-	3,000	2,000	-	140,000	2,414,000	-	2,414,000	2,554,000
Fellowships	-	-	52,000	-	-	52,000	340,000	-	340,000	392,000
Consultants and honorarium	507,000	152,000	385,000	56,000	17,000	1,117,000	2,222,000	11,000	2,233,000	3,350,000
Travel	132,000	64,000	79,000	38,000	7,000	320,000	127,000	180,000	307,000	627,000
Meals	62,000	29,000	111,000	26,000	5,000	233,000	130,000	111,000	241,000	474,000
Lodging	109,000	30,000	46,000	1,000	1,000	187,000	74,000	186,000	260,000	447,000
Dues and subscriptions	13,000	1,000	97,000	-	4,000	115,000	312,000	32,000	344,000	459,000
Other	860,000	28,000	311,000	388,000	101,000	1,688,000	837,000	(24,000)	813,000	2,501,000
Depreciation	3,985,000	917,000	791,000	348,000	601,000	6,642,000	3,068,000	569,000	3,637,000	10,279,000
<b>Total operating expenses</b>	<b>28,471,000</b>	<b>5,483,000</b>	<b>5,623,000</b>	<b>3,486,000</b>	<b>2,288,000</b>	<b>45,351,000</b>	<b>28,595,000</b>	<b>3,672,000</b>	<b>32,267,000</b>	<b>77,618,000</b>
Interest expense, net of amortization of bond premium and issuance costs	471,000	109,000	94,000	41,000	71,000	786,000	363,000	67,000	430,000	1,216,000
<b>Total expenses</b>	<b>\$ 28,942,000</b>	<b>\$ 5,592,000</b>	<b>\$ 5,717,000</b>	<b>\$ 3,527,000</b>	<b>\$ 2,359,000</b>	<b>\$ 46,137,000</b>	<b>\$ 28,958,000</b>	<b>\$ 3,739,000</b>	<b>\$ 32,697,000</b>	<b>\$ 78,834,000</b>

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



**Whitney Museum of American Art**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2022

	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	\$ 8,550,000	\$ 3,103,000	\$ 2,012,000	\$ 1,514,000	\$ 1,192,000	\$ 16,371,000	\$ 9,354,000	\$ 1,644,000	\$ 10,998,000	\$ 27,369,000
Employee benefits	1,090,000	453,000	268,000	244,000	142,000	2,197,000	2,012,000	210,000	2,222,000	4,419,000
Employee benefits-pension and 403(b)	533,000	254,000	141,000	96,000	86,000	1,110,000	643,000	107,000	750,000	1,860,000
Payroll taxes	588,000	202,000	146,000	105,000	83,000	1,124,000	519,000	98,000	617,000	1,741,000
Rent	-	-	285,000	-	-	285,000	-	-	-	285,000
Storage	3,249,000	-	-	-	-	3,249,000	596,000	-	596,000	3,845,000
Construction	1,436,000	-	-	-	-	1,436,000	2,000	-	2,000	1,438,000
Installation	266,000	-	-	-	-	266,000	-	-	-	266,000
Professional fees	243,000	8,000	179,000	253,000	6,000	689,000	1,222,000	9,000	1,231,000	1,920,000
Insurance	891,000	-	-	-	-	891,000	878,000	-	878,000	1,769,000
Fine art insurance	-	-	-	-	-	-	508,000	-	508,000	508,000
Printing and reproduction	279,000	-	19,000	779,000	-	1,077,000	6,000	-	6,000	1,083,000
Postage and couriers	157,000	3,000	4,000	388,000	1,000	553,000	31,000	6,000	37,000	590,000
Advertising and public relations	1,697,000	-	1,000	-	-	1,698,000	23,000	-	23,000	1,721,000
Other marketing costs	210,000	12,000	69,000	46,000	23,000	360,000	186,000	1,000	187,000	547,000
Telephone	4,000	-	-	-	-	4,000	135,000	-	135,000	139,000
Utilities	166,000	-	9,000	-	-	175,000	1,377,000	-	1,377,000	1,552,000
Packing and crating	469,000	-	-	-	2,000	471,000	-	-	-	471,000
Shipping	930,000	-	-	-	-	930,000	-	1,000	1,000	931,000
Other exhibition costs	225,000	48,000	1,000	-	-	274,000	1,000	-	1,000	275,000
Building supplies, services, maintenance and repairs	105,000	-	2,000	-	-	107,000	2,060,000	-	2,060,000	2,167,000
Fellowships	-	-	12,000	-	-	12,000	304,000	-	304,000	316,000
Consultants and honorarium	150,000	16,000	244,000	13,000	3,000	426,000	1,086,000	9,000	1,095,000	1,521,000
Travel	81,000	34,000	51,000	12,000	3,000	181,000	104,000	36,000	140,000	321,000
Meals	48,000	15,000	55,000	17,000	1,000	136,000	106,000	45,000	151,000	287,000
Lodging	29,000	15,000	26,000	1,000	-	71,000	62,000	8,000	70,000	141,000
Dues and subscriptions	21,000	1,000	61,000	2,000	5,000	90,000	227,000	18,000	245,000	335,000
Other	1,929,000	14,000	299,000	339,000	58,000	2,639,000	937,000	147,000	1,084,000	3,723,000
Depreciation	2,267,000	4,088,000	893,000	412,000	378,000	8,038,000	1,404,000	824,000	2,228,000	10,266,000
<b>Total operating expenses</b>	<b>25,613,000</b>	<b>8,266,000</b>	<b>4,777,000</b>	<b>4,221,000</b>	<b>1,983,000</b>	<b>44,860,000</b>	<b>23,783,000</b>	<b>3,163,000</b>	<b>26,946,000</b>	<b>71,806,000</b>
Interest expense, net of amortization of bond premium and issuance costs	272,000	490,000	107,000	49,000	45,000	963,000	168,000	99,000	267,000	1,230,000
<b>Total expenses</b>	<b>\$ 25,885,000</b>	<b>\$ 8,756,000</b>	<b>\$ 4,884,000</b>	<b>\$ 4,270,000</b>	<b>\$ 2,028,000</b>	<b>\$ 45,823,000</b>	<b>\$ 23,951,000</b>	<b>\$ 3,262,000</b>	<b>\$ 27,213,000</b>	<b>\$ 73,036,000</b>

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

Whitney Museum of American Art

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>	\$ 50,563,000	\$ (70,636,000)
Changes in net assets		
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,279,000	10,266,000
Amortization of bond premium	(2,569,000)	(2,540,000)
Amortization of deferred issuance costs	107,000	107,000
In-kind contributions	(15,617,000)	(192,000)
Receipt of contributed securities	(1,162,000)	(4,510,000)
Proceeds from sale of contributed securities	1,162,000	4,510,000
Proceeds from sale of art	(1,263,000)	-
Purchases of art	7,277,000	3,317,000
Net unrealized and realized loss (gain) on investments	(42,779,000)	74,616,000
Contributions restricted for endowment	(7,609,000)	(9,936,000)
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable, prepaid expenses and other assets	1,329,000	(1,502,000)
Decrease (increase) in contributions receivable	11,182,000	(7,765,000)
Increase in art sale receivable	(11,287,000)	-
Decrease in publications and sales inventories	196,000	100,000
Decrease in right-of-use assets, operating leases, net	3,251,000	3,236,000
Increase (decrease) in accounts payable and accrued expenses	4,455,000	(896,000)
Increase (decrease) in deferred revenue	281,000	(21,000)
Decrease in accrued pension obligation	(1,159,000)	(1,193,000)
Increase in deferred traveling and accrued exhibition fees	579,000	539,000
(Decrease) increase in bonds interest payable	(1,832,000)	62,000
Decrease in operating lease liabilities	(3,049,000)	(2,943,000)
Net cash provided by (used in) operating activities	<u>2,335,000</u>	<u>(5,381,000)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(9,941,000)	(1,742,000)
Proceeds from sale of investments	126,292,000	115,120,000
Purchase of investments	(129,440,000)	(101,014,000)
Proceeds from sale of art	1,263,000	-
Purchases of art	(7,277,000)	(3,317,000)
Net cash (used in) provided by investing activities	<u>(19,103,000)</u>	<u>9,047,000</u>
<b>Cash flows from financing activities:</b>		
Contributions restricted for endowment	7,609,000	9,936,000
Net cash provided by financing activities	<u>7,609,000</u>	<u>9,936,000</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(9,159,000)	13,602,000
<b>Cash and cash equivalents:</b>		
Beginning of year	31,331,000	17,729,000
End of year	<u>\$ 22,172,000</u>	<u>\$ 31,331,000</u>
<b>Supplemental data:</b>		
Cash paid for interest	\$ 5,495,000	\$ 3,602,000
Receipt of contributed securities	\$ 1,162,000	\$ 4,510,000
Receipt of contributed property	\$ 15,500,000	\$ -

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

**Whitney Museum of American Art**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**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.

**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.

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 \$4,001,000 and \$4,064,000 of finished goods and \$347,000 and \$480,000 of work in process at June 30, 2023 and 2022, respectively.

***Investments***

Equity securities are carried at fair value based on the last reported sales price at the end of the fiscal year.

## Whitney Museum of American Art

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Fixed-income securities are valued by external investment managers using quoted market prices as of the reporting date.

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 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 in the investment pool 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 on 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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Art Sale Receivable***

During the year ended June 30, 2023, the Museum deaccessioned and sold certain works of art totaling \$12,550,000 to fund the acquisition of new works of art for the collection. As of June 30, 2023, \$11,287,000 of this amount remained outstanding; however, this balance was subsequently received in August 2023, in accordance with the terms of the consignment agreement.

***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, interest expense, 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 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.

***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 (pledges) 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.

## Whitney Museum of American Art

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 on 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.

#### ***In-Kind Contributions***

During the year ended June 30, 2023, the Museum received contributed property (the "Property") from a donor, with a fair value of \$15,500,000, as determined by an independent third-party appraiser, and which has been recognized as in-kind contributions on the statement of activities. Pursuant to the terms of the donor agreement, the Museum must utilize the Property for educational purposes for at least 30 years from the date of the gift. After such period, if the Museum sells, transfers, or disposes of the Property, the Museum must use the net proceeds to establish an endowment under the terms specified in the donor agreement. As of June 30, 2023, the Property is being renovated for its intended program purpose and has not yet been placed into service. The net book value of the Property, \$15,500,000, is included within property, plant and equipment, net, on the statement of financial position and will be depreciated in accordance with the Museum's established policies once placed into service.

During the years ended June 30, 2023 and 2022, the Museum received additional in-kind contributions recognized at fair value totaling \$117,000 and \$192,000, respectively. Such gifts are not subject to donor restrictions and have been provided in support of the Museum's operations.

#### ***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, 2023 and 2022**

***Functional Allocation of Expenses***

The costs of providing the Museum's programs are summarized and presented on the statements of activities and functional expenses. 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. Building maintenance and other operating costs are allocated to program areas and supporting services based on head count.

Advertising and public relations costs are expensed when incurred. During 2023 and 2022, the Museum incurred advertising and public relations expenses of \$1,531,000 and \$1,721,000, 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, whichever is shorter). 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 \$1,955,000 and \$1,376,000 at June 30, 2023 and 2022, respectively, relate to in-house and traveling exhibitions for which advance payments from patrons have been received but the exhibition has not yet begun.

***Bond Premiums and Deferred Financing Costs***

Included in bonds payable at June 30, 2023 and 2022, is \$21,627,000 and \$24,196,000, respectively, of bond premiums related to the 2021 Refunding Revenue Bonds issuance, respectively. These premiums are amortized over a straight-line basis over the life of the bonds, which approximates the effective interest method. Amortization totaled \$2,569,000 and \$2,540,000 for the years ended June 30, 2023 and 2022, respectively. Also included in bonds payable are deferred issuance costs related to the 2021 Refunding Revenue Bonds issuance of \$859,000 and \$966,000 at June 30, 2023 and 2022, respectively. These costs are amortized over a straight-line basis over the life of the bonds. Amortization expense totaled \$107,000 and \$107,000 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022**

***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 alternative investments measured NAV. 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 52% of contributions receivable at both June 30, 2023 and 2022. Three donors represented 54% and 26% of contributions revenue for the years ended June 30, 2023 and 2022, 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.

***Reclassifications***

Certain prior period amounts have been reclassified in order to conform to the 2023 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses, or changes in net assets as reflected in the 2022 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 entity 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



## Whitney Museum of American Art

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The Museum's investment portfolio consists of the following at June 30, 2023 and 2022:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 4,335,000	\$ 4,335,000	\$ 8,067,000	\$ 8,067,000
Fixed income investments	98,278,000	99,876,000	90,556,000	94,681,000
Equity investments				
Equity securities	9,078,000	2,700,000	20,297,000	12,687,000
Registered mutual funds	22,949,000	20,550,000	725,000	690,000
Total investments included in the fair value hierarchy	134,640,000	127,461,000	119,645,000	116,125,000
Investments measured at NAV	387,463,000	234,350,000	354,715,000	233,320,000
Investment redemption receivables	4,371,000	4,371,000	5,841,000	5,841,000
Pending investment purchases	636,000	636,000	982,000	982,000
Total investments	<u>\$ 527,110,000</u>	<u>\$ 366,818,000</u>	<u>\$ 481,183,000</u>	<u>\$ 356,268,000</u>

The Museum submitted redemption requests relative to certain of its investment funds, which remained outstanding as of June 30, 2023 and 2022. Such amounts have been reflected as investment redemption receivables in the portfolio above and were collected in full subsequent to each respective year-end.

Amounts reflected as pending investment purchases 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, 2023 and 2022. Such purchases settled subsequent to year-end.

As of June 30, 2023 and 2022, the Museum held investments in the following categories:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Endowment investments	\$ 429,086,000	\$ 267,472,000	\$ 395,626,000	\$ 266,108,000
Non-endowment investments	97,270,000	98,673,000	83,001,000	87,639,000
Other investments*	754,000	673,000	2,556,000	2,521,000
Total investments	<u>\$ 527,110,000</u>	<u>\$ 366,818,000</u>	<u>\$ 481,183,000</u>	<u>\$ 356,268,000</u>

\*Gift annuities and funds held by bond trustee.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

As of June 30, 2023 and 2022, the Museum had the following investments, which represented more than 5% of total net assets:

	2023		2022	
	Fair Value	% of Net Assets	Fair Value	% of Net Assets
Adage Capital Partners	\$ 97,196,000	11.48%	\$ 79,414,000	9.97%
U.S. Treasury Fixed Income Investments	79,319,000	9.36%	-	0.00%
JP Morgan Short Duration Core Plus Fund	-	0.00%	41,481,000	5.21%

Investment return (loss) and its classification on the statement of activities for the year ended June 30, 2023 follows:

	Net Assets without Donor Restrictions		Net Assets with Donor Restrictions	2023 Total
	Operations	Board-Designated for Endowment		
Investment return (loss) on endowment investments:				
Dividends and interest	\$ -	\$ 214,000	\$ 1,634,000	\$ 1,848,000
Realized gains	-	1,472,000	11,286,000	12,758,000
Unrealized gains	-	3,838,000	28,261,000	32,099,000
Less: advisory and custody fees	-	(61,000)	(468,000)	(529,000)
Total investment return on endowment investments	-	5,463,000	40,713,000	46,176,000
Investment return designated for current operations	20,150,000	(2,559,000)	(17,591,000)	-
Investment return (loss) on non-endowment and other investments:				
Dividends and interest	1,630,000	-	16,000	1,646,000
Realized gains and losses	(5,367,000)	-	7,000	(5,360,000)
Unrealized gains	3,238,000	-	44,000	3,282,000
Less: advisory and custody fees	(45,000)	-	-	(45,000)
Investment loss (return) on non-endowment and other investments	(544,000)	-	67,000	(477,000)
Total investment return, net	\$ 19,606,000	\$ 2,904,000	\$ 23,189,000	\$ 45,699,000

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Investment return and its classification in the statement of activities for the year ended June 30, 2022 follows:

	Net Assets without Donor Restrictions		Net Assets with Donor Restrictions	2022 Total
	Operations	Board-Designated for Endowment		
Investment return (loss) on endowment investments:				
Dividends and interest	\$ -	\$ 76,000	\$ 559,000	\$ 635,000
Realized gains	-	3,390,000	26,528,000	29,918,000
Unrealized losses	-	(11,163,000)	(85,147,000)	(96,310,000)
Less: advisory and custody fees	-	(113,000)	(840,000)	(953,000)
Total investment loss on endowment investments	-	(7,810,000)	(58,900,000)	(66,710,000)
Investment return designated for current operations	18,646,000	(2,316,000)	(16,330,000)	-
Investment return (loss) on non-endowment and other investments:				
Dividends and interest	969,000	-	12,000	981,000
Realized gains	215,000	-	7,000	222,000
Unrealized losses	(8,323,000)	-	(123,000)	(8,446,000)
Less: advisory and custody fees	(51,000)	-	-	(51,000)
Investment loss on non-endowment and other investments	(7,190,000)	-	(104,000)	(7,294,000)
Total investment return (loss), net	\$ 11,456,000	\$ (10,126,000)	\$ (75,344,000)	\$ (74,004,000)

The Museum's financial assets that are measured at fair value on a recurring basis at June 30, 2023 are as follows:

	Fair Value at June 30, 2023	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 4,335,000	\$ 4,335,000	\$ -	\$ -
Fixed income investments	98,278,000	98,278,000	-	-
Equity investments				
Equity securities	9,078,000	9,078,000	-	-
Registered mutual funds	22,949,000	22,949,000	-	-
Total investments included in the fair value hierarchy	134,640,000	\$ 134,640,000	\$ -	\$ -
Investments measured at NAV	387,463,000			
Investment redemption receivables	4,371,000			
Pending investment purchases	636,000			
Total investments	\$ 527,110,000			

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The Museum's financial assets that are measured at fair value on a recurring basis at June 30, 2022 are as follows:

	Fair Value at June 30, 2022	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 8,067,000	\$ 8,067,000	\$ -	\$ -
Fixed income investments	90,556,000	90,556,000	-	-
Equity investments				
Equity securities	20,297,000	20,297,000	-	-
Registered mutual funds	725,000	725,000	-	-
Total investments included in the fair value hierarchy	119,645,000	<u>\$ 119,645,000</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV	354,715,000			
Investment redemption receivables	5,841,000			
Pending investment purchases	982,000			
Total investments	<u>\$ 481,183,000</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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

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, 2023 and 2022.

Category of Investment	Number of Funds	Fair Value Determined Using NAV at June 30, 2023	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms
Equity investment funds	5	\$ 142,523,000	N/A	Monthly - 7.35% Quarterly - 85.53% Semi-annually - 7.12%	92.88% have no lock-up; 7.12% have 3-year lock-up; and three funds have gate triggers that range from 20-33% of fund level NAV.
Equity long/short	7	59,799,000	N/A	Quarterly - 95.06% Every 2 years - 3.72% N/A - 1.22%	91.19% have no lock-up; 8.81% have 1-year lock-up; one fund has a gate that triggers at 25% of fund level NAV; and four funds have gate triggers that range from 25-33% of investor level NAV / quarter.
Multi-strategy and other	16	121,868,000	\$ 12,894,000	Weekly - 17.36% Quarterly - 47.28% Semi-annually - 4.90% Annually - 4.74% N/A - 25.72%	85.56% have no lock-up; 4.48% have 4-year lock-up; 5.72% have 6-year lock-up; 1.15% have 7-year lock-up; 3.09% have 10-year lock-up; six funds have gate triggers that range from 10-25% of fund level NAV; and one fund has a gate that triggers at 25% of investor level NAV / quarter.
Real assets	1	6,110,000	N/A	Monthly	100% have no lock-up.
Private equity	17	57,163,000	18,693,000	N/A	N/A
	<u>46</u>	<u>\$ 387,463,000</u>	<u>\$ 31,587,000</u>		
Category of Investment	Number of Funds	Fair Value Determined Using NAV at June 30, 2022	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms
Equity investment funds	6	\$ 120,796,000	N/A	Monthly - 9.49% Quarterly - 83.21% Every 5 years - 7.30%	92.70% have no lock-up; 7.30% have 3-year lock-up; and one fund has a gate that triggers at 20% of fund level NAV.
Equity long/short	8	64,409,000	N/A	Quarterly - 95.32% Every 2 years - 3.39% N/A - 1.29%	88.16% have no lock-up; 4.55% have 1-year lock-up; 7.29% have 2-year lock-up; one fund has a gate that triggers at 25% of investor level NAV; and three funds have gate triggers that range from 25-33% of investor level NAV / quarter.
Multi-strategy and other	15	109,850,000	\$ 6,432,000	Weekly - 17.41% Quarterly - 47.53% Semi-annually - 5.17% Annually - 12.77% N/A - 17.12%	96.75% have no lock-up; 3.25% have 5-year lock-up; two funds have gate triggers that range from 10-25% of fund level NAV; and two funds have gates that trigger at 25% of investor level NAV / quarter.
Real assets	1	5,653,000	N/A	Monthly	100% have no lock-up.
Private equity	16	54,007,000	16,232,000	N/A	N/A
	<u>46</u>	<u>\$ 354,715,000</u>	<u>\$ 22,664,000</u>		

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET**

Contributions and grants receivable, discounted to present value at June 30, 2023 and 2022 consist of unconditional promises to give and are due from the following:

	2023	2022
Individuals	\$ 5,533,000	\$ 10,205,000
Corporations	1,660,000	2,087,000
Foundations	12,333,000	18,355,000
New York City	21,000	21,000
Gross contributions and grants receivable	19,547,000	30,668,000
Less: allowance for doubtful accounts	(175,000)	(175,000)
Less: discount to present value (at rates between 0.79% and 4.63%)	(434,000)	(490,000)
	<b>\$ 18,938,000</b>	<b>\$ 30,003,000</b>

The Museum has been notified of certain intentions to give. However, given their conditional nature, they have not been recorded on the accompanying financial statements.

The gross contributions receivable at June 30, 2023 are due to be collected as follows:

Year Ended June 30:	
2024	\$ 12,616,000
2025	5,678,000
2026	1,253,000
	<b>\$ 19,547,000</b>

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, 2023 and 2022**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment, net, is comprised of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 34,662,000	\$ 34,662,000
Building and capital improvements	407,042,000	389,204,000
Furniture, fixtures and equipment	23,379,000	23,216,000
Construction-in-progress	7,919,000	479,000
	473,002,000	447,561,000
Less: accumulated depreciation	(101,900,000)	(91,621,000)
	\$ 371,102,000	\$ 355,940,000

Depreciation totaled \$10,279,000 and \$10,266,000 for the years ended June 30, 2023 and 2022, respectively, of which \$10,041,000 and \$9,184,000, respectively, was reflected in the plant fund and \$238,000 and \$1,082,000, respectively, was reflected as part of operations on the accompanying 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 right-of-use ("ROU") assets and lease liabilities have been recorded in the accompanying statements 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. The Museum has 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, 2023 and 2022 follows:

	2023	2022
ROU assets	\$ 23,393,000	\$ 23,393,000
Less: accumulated amortization	(9,709,000)	(6,458,000)
	\$ 13,684,000	\$ 16,935,000
Weighted-average remaining lease term:	4.5 years	5.4 years
Weighted-average discount rate:	0.52%	0.51%



**Whitney Museum of American Art**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2023 and 2022**

Year Ended June 30:

2024	\$ 3,063,000
2025	3,242,000
2026	3,338,000
2027	3,437,000
2028	<u>1,744,000</u>
Total lease obligations, gross	14,824,000
Less: amounts representing interest with rates ranging from 0.19% to 0.52%	<u>(179,000)</u>
Total lease liabilities	<u>\$ 14,645,000</u>

Rent expense (including escalation costs) amounted to \$4,080,000 and \$4,130,000 for the years ended June 30, 2023 and 2022, respectively. During fiscal 2023, there were no new lease agreements.

The components of lease cost for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Operating lease cost	<u>\$ 3,335,000</u>	<u>\$ 3,335,000</u>

Supplemental cash flow information related to leases for the years ended June 30, 2023 and 2022 follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 3,134,000</u>	<u>\$ 3,041,000</u>

**NOTE 7 - BONDS PAYABLE, NET OF PREMIUM AND COST OF ISSUANCE**

Bonds payable at June 30, 2023 and 2022 are as follows:

	2023	2022
Series 2021 Bonds	\$ 73,260,000	\$ 73,260,000
Bond premium, net of accumulated amortization of \$6,327,000 and \$3,758,000, respectively	21,627,000	24,196,000
Debt issuance costs, net of accumulated amortization of \$267,000 and \$159,000, respectively	<u>(859,000)</u>	<u>(966,000)</u>
	<u>\$ 94,028,000</u>	<u>\$ 96,490,000</u>

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

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

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 deferred issuance costs, resulting in a \$241,000 net gain on the extinguishment of bonds payable in fiscal 2021.

The Series 2021 bonds consist of the following amount and maturity at June 30, 2023 and 2022:

	Principal	Rate	Maturity
Series 2021 Bonds	\$ 73,260,000	5.0%	July 1, 2031

Minimum principal bond payments due are as follows:

Year Ended June 30:

2024	\$	-	
2025		-	
2026		-	
2027		-	
2028		-	
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, 2023 and 2022**

The following table provides information with respect to the defined benefit plan as of and for the years ended June 30, 2023 and 2022:

	2023	2022
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 12,918,000	\$ 17,244,000
Interest cost	549,000	450,000
Settlements	(473,000)	(1,397,000)
Benefits paid	(272,000)	(271,000)
Actuarial loss (gain)	120,000	(3,108,000)
Benefit obligation at end of year	12,842,000	12,918,000
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	9,363,000	12,496,000
Actual return (loss) on plan assets	1,625,000	(1,385,000)
Employer contributions	378,000	-
Benefits paid	(272,000)	(271,000)
Settlements	(473,000)	(1,397,000)
Administrative expenses paid	(175,000)	(80,000)
Fair value of plan assets at end of year	10,446,000	9,363,000
Funded status at end of year	\$ (2,396,000)	\$ (3,555,000)
Amounts recognized in the statements of financial position consist of		
Accrued pension obligation	\$ 2,396,000	\$ 3,555,000
Amounts recognized in net assets without donor restrictions consist of		
Net loss	\$ 2,122,000	\$ 3,122,000
Accumulated benefit obligation at end of year	\$ 12,842,000	\$ 12,918,000

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

	2023	2022
Components of net periodic benefit cost and other amounts recognized in net assets without donor restrictions		
Service cost	\$ 225,000	\$ 350,000
Interest cost	549,000	450,000
Expected return on plan assets	(607,000)	(811,000)
Settlements	-	338,000
Amortization of net loss	53,000	86,000
Net periodic benefit cost	220,000	413,000
Other changes in plan assets and benefit obligation recognized in net assets without donor restrictions		
Current year net gain and amortized gain for year	(999,000)	(1,605,000)
Total recognized in net assets without donor restrictions	(999,000)	(1,605,000)
Total recognized in net periodic benefit cost and net assets without donor restrictions	\$ (779,000)	\$ (1,192,000)
Weighted-average assumptions as of June 30 used for obligations:		
Discount rate	4.90%	4.45%
Expected return on plan assets	7.00%	7.00%
Weighted-average assumptions used for net periodic benefit cost for year ended June 30:		
Discount rate	4.45%	2.70%
Expected return on plan assets	7.00%	7.00%

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 2024 is \$25,000.

Estimated contributions expected to be paid by the Museum during the fiscal year ended June 30, 2024 total \$285,000.

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

At June 30, 2023 and 2022, 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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The Museum's pension plan weighted-average asset allocation at June 30, 2023 and 2022 by asset category is as follows:

	2023	2022
Equity securities	80.8%	73.6%
Fixed income	17.6%	25.2%
Cash and cash equivalents	1.6%	1.2%
	100%	100.0%

The Museum's pension plan assets are comprised of the following at June 30, 2023:

	Fair Value at June 30, 2023	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 8,439,000	\$ 8,439,000	\$ -	\$ -
Fixed income	1,839,000	1,839,000	-	-
Cash and cash equivalents	168,000	168,000	-	-
Total fair value of plan assets	\$ 10,446,000	\$ 10,446,000	\$ -	\$ -

The Museum's pension plan assets are comprised of the following at June 30, 2022:

	Fair Value at June 30, 2022	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 6,891,000	\$ 6,891,000	\$ -	\$ -
Fixed income	2,360,000	2,360,000	-	-
Cash and cash equivalents	112,000	112,000	-	-
Total fair value of plan assets	\$ 9,363,000	\$ 9,363,000	\$ -	\$ -

Future benefits are expected to be paid as follows:

2024	\$ 1,117,000
2025	1,049,000
2026	999,000
2027	995,000
2028	899,000
Thereafter	4,144,000
	\$ 9,203,000

Whitney Museum of American Art

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

**NOTE 9 - LOANS AND LINES OF CREDIT PAYABLE**

At June 30, 2023 and 2022, 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 20, 2024. 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 both June 30, 2023 and 2022, the Museum had no amounts drawn under the facility. The interest rate charged on any outstanding principal amount borrowed is the Bloomberg Short-term Bank Yield Index rate (or “BSBY”) plus 0.65%.

**NOTE 10 - NET ASSETS**

The Museum’s net assets without donor restrictions at June 30, 2023 and 2022 are comprised of held for operations, board-designated and designated for plant and equipment, as follows:

	<u>2023</u>	<u>2022</u>
Operations	\$ 71,814,000	\$ 118,541,000
Board-designated for endowment	53,498,000	50,594,000
Plant fund	<u>275,439,000</u>	<u>229,349,000</u>
	<u>\$ 400,751,000</u>	<u>\$ 398,484,000</u>

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

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

*Plant Fund* - These net assets include the Museum’s property, plant and equipment (except for furniture, fixtures, and capitalized website/software costs included in operating funds), offset by the Museum’s net lease liabilities and net bonds payable. The Museum’s bond interest expense, changes in ROU assets and lease liabilities, and depreciation for related assets are charged to this net asset category as well.

During fiscal 2023, the Museum opted to reclassify all net assets corresponding with the net book value of its property, plant and equipment (except for furniture, fixtures, and capitalized website/software costs) from the operating fund to be included in the plant fund in an effort to facilitate stewardship and discreetly present such activities. Accordingly, in 2023, the Museum transferred \$45,277,000 of plant assets, at net book value, inclusive of contributed property of \$15,500,000, and \$960,000 of net lease liabilities to the plant fund to align with its expanded purpose. In 2023 and 2022, the Museum transferred \$13,030,000 and \$4,170,000, respectively, of operating funds to the plant fund for interest payments and property, plant and equipment purchases.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Net assets with donor restrictions as of June 30, 2023 and 2022, which are subject to expenditure for donor-specified purposes, are as follows:

	2023	2022
Exhibition programs	\$ 8,573,000	\$ 9,561,000
Purchase of works of art	19,693,000	10,655,000
Support of other Museum programs	31,776,000	17,502,000
Endowment earnings with purpose restrictions (Note 11)	108,084,000	85,769,000
	\$ 168,126,000	\$ 123,487,000

Net assets with donor restrictions comprising the Museum's permanent endowment as of June 30, 2023 and 2022, the income from which is subject to the Museum's spending policy and appropriation, consist of the following:

	2023	2022
Endowment funds for general operating support	\$ 142,048,000	\$ 142,000,000
Endowment funds, the earnings from which are restricted for:		
Support of exhibition programs	39,384,000	39,089,000
Purchases of works of art	11,144,000	10,580,000
Curatorial support	26,975,000	26,975,000
Other programs	58,575,000	55,825,000
	\$ 278,126,000	\$ 274,469,000

**NOTE 11 - ENDOWMENT**

The Museum's endowment consists of 149 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

## Whitney Museum of American Art

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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;
- 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.



**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

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.

The Museum's endowment consists of the following at June 30, 2023 and 2022:

	Endowment Net Asset Composition by Type of Fund at June 30, 2023				
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Accumulated Gains	Original Gift	Total	
Donor-restricted endowment funds	\$ -	\$ 108,084,000	\$ 278,126,000	\$ 386,210,000	\$ 386,210,000
Board-designated endowment funds	53,498,000	-	-	-	53,498,000
Total endowment funds	\$ 53,498,000	\$ 108,084,000	\$ 278,126,000	\$ 386,210,000	\$ 439,708,000

	Endowment Net Asset Composition by Type of Fund at June 30, 2022				
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Accumulated Gains	Original Gift	Total	
Donor-restricted endowment funds	\$ -	\$ 85,769,000	\$ 274,469,000	\$ 360,238,000	\$ 360,238,000
Board-designated endowment funds	50,594,000	-	-	-	50,594,000
Total endowment funds	\$ 50,594,000	\$ 85,769,000	\$ 274,469,000	\$ 360,238,000	\$ 410,832,000

The Museum's endowment had the following changes for the years ended June 30, 2023 and 2022.

	Changes in Endowment Net Assets for the Year Ended June 30, 2023				
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Accumulated Gains	Amounts Held in Perpetuity	Total	
Endowment funds, June 30, 2022	\$ 50,594,000	\$ 85,769,000	\$ 274,469,000	\$ 360,238,000	\$ 410,832,000
Investment gain					
Investment income	153,000	1,166,000	-	1,166,000	1,319,000
Net appreciation (realized and unrealized)	5,310,000	39,547,000	-	39,547,000	44,857,000
Total investment gain	5,463,000	40,713,000	-	40,713,000	46,176,000
Contributions	-	-	3,657,000	3,657,000	3,657,000
Appropriation of endowment funds for expenditure for operations	(2,559,000)	(17,591,000)	-	(17,591,000)	(20,150,000)
Appropriation of endowment funds for expenditure for purchases of art	-	(807,000)	-	(807,000)	(807,000)
Endowment funds, June 30, 2023	\$ 53,498,000	\$ 108,084,000	\$ 278,126,000	\$ 386,210,000	\$ 439,708,000

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Endowment funds as of June 30, 2023 include endowment investments of \$429,086,000, contributions receivable for the endowment of \$8,039,000, and cash in transit of \$2,853,000, which represents collections on contributions receivable for the endowment not yet deposited into the endowment investment portfolio as of June 30, 2023. In fiscal 2023, the Board approved a \$20,150,000 appropriation of endowment funds for expenditure for operations. Of the total amount approved, \$10,075,000 remains to be drawn as of June 30, 2023 and will be liquidated from the endowment in fiscal 2024.

	Changes in Endowment Net Assets for the Year Ended June 30, 2022				
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Accumulated Gains	Amounts Held in Perpetuity	Total	
Endowment funds, June 30, 2021	\$ 60,236,000	\$ 157,883,000	\$ 263,825,000	\$ 421,708,000	\$ 481,944,000
Investment return					
Investment income	(37,000)	(281,000)	-	(281,000)	(318,000)
Net appreciation (realized and unrealized)	(7,773,000)	(58,619,000)	-	(58,619,000)	(66,392,000)
Total investment return	(7,810,000)	(58,900,000)	-	(58,900,000)	(66,710,000)
Contributions	-	-	10,644,000	10,644,000	10,644,000
Appropriation of endowment funds for expenditure for operations	(2,316,000)	(16,330,000)	-	(16,330,000)	(18,646,000)
Appropriation of endowment funds for expenditure for purchases of art	-	(547,000)	-	(547,000)	(547,000)
Net assets transferred to endowment	484,000	3,663,000	-	3,663,000	4,147,000
Endowment funds, June 30, 2022	<u>\$ 50,594,000</u>	<u>\$ 85,769,000</u>	<u>\$ 274,469,000</u>	<u>\$ 360,238,000</u>	<u>\$ 410,832,000</u>

Endowment funds as of June 30, 2022 include endowment investments of \$395,626,000, contributions receivable for the endowment of \$11,991,000, and cash in transit of \$3,215,000 which represents collections on contributions receivable for the endowment not yet deposited into the endowment investment portfolio as of June 30, 2022. During fiscal 2022, certain net assets corresponding to the collection of pledges were transferred to the endowment.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The endowment funds classified as net assets without donor restrictions and new assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Net assets without donor restrictions		
Board-designated endowment	\$ 53,498,000	\$ 50,594,000
Net assets with donor restrictions		
General operating support awaiting Board appropriation	215,188,000	203,000,000
Acquisitions	15,041,000	13,389,000
Conservation	24,273,000	22,832,000
Curatorial	33,132,000	30,967,000
Director	6,421,000	6,239,000
Education	27,921,000	26,290,000
Exhibitions	48,314,000	45,267,000
Film and video	1,569,000	1,476,000
Independent study program	8,837,000	6,432,000
Internship	2,305,000	1,327,000
Library/publications	3,209,000	3,019,000
	368,210,000	360,238,000
Total endowment funds	\$ 439,708,000	\$ 410,832,000

**NOTE 12 - REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS**

For the years ended June 30, 2023 and 2022, the Museum recognized revenue of \$1,969,000 and \$1,451,000, 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 \$2,829,000 and \$1,969,000 as of June 30, 2023 and 2022, respectively, are expected to be satisfied in the subsequent fiscal year, as follows:

	2023	2022
Admissions	\$ 673,000	\$ 183,000
Memberships	201,000	410,000
Traveling exhibition fees	1,955,000	1,376,000
	\$ 2,829,000	\$ 1,969,000

**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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The following table presents the total financial assets held by the Museum as of June 30, 2023 and 2022 that could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 22,172,000	\$ 31,331,000
Accounts receivable, net	1,529,000	1,420,000
Contributions and grants receivable, due within one year	12,616,000	18,255,000
Art sale receivable	11,287,000	-
Non-endowment investments	97,270,000	83,001,000
	144,874,000	134,007,000
Less: contributions and grants receivable and art sale receivable, due within one year subject to donor restrictions	(20,864,000)	(14,718,000)
Less: non-endowment investments, subject to redemption restrictions greater than one year	(3,949,000)	(4,697,000)
Add: anticipated appropriation of endowment funds for expenditure in the subsequent fiscal year	21,779,000	21,241,000
Total financial assets available to management for general expenditures within one year	141,840,000	135,833,000
Liquidity resources		
Available line of credit	10,000,000	10,000,000
Total financial assets and liquidity resources available to management for general expenditures within one year	\$ 151,840,000	\$ 145,833,000

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, 2023 and 2022, includes an approximation of the investment return that will be made available to fund current operations, pursuant to the Museum's Board approved endowment spending policy.

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

**NOTE 14 - 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.

**Whitney Museum of American Art**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 15 - SUBSEQUENT EVENTS**

The Museum performed an evaluation of subsequent events through October 31, 2023, which is the date the financial statements were issued. The Museum has determined that all events and transactions, required to be recognized in accordance with U.S. GAAP, are included in the accompanying financial statements in Notes 3 and 11.