




---

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

## **Independent Auditor's Report and Consolidated Financial Statements**

April 30, 2023 and 2022

---



**The Nelson Gallery Foundation and  
The William Rockhill Nelson Trust**  
April 30, 2023 and 2022

**Contents**

**Independent Auditor's Report** ..... 1

**Consolidated Financial Statements**

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

**Supplementary Schedules**

Consolidating Statement of Financial Position as of April 30, 2023 ..... 30  
Consolidating Statement of Financial Position as of April 30, 2022 ..... 31  
Consolidating Statement of Activities, Year Ended April 30, 2023 ..... 32  
Consolidating Statement of Activities, Year Ended April 30, 2022 ..... 33

## Independent Auditor's Report

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

### ***Opinion***

We have audited the consolidated financial statements of The Nelson Gallery Foundation and The William Rockhill Nelson Trust (collectively referred to as the "museum"), which comprise the consolidated statements of financial position as of April 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the museum as of April 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 in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 within one year after the date that these consolidated financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**FORVIS, LLP**

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

**Consolidated Statements of Financial Position**

**April 30, 2023 and 2022**

*(Dollars in thousands)*

|  | 2023       | 2022       |
|--|------------|------------|
| <b>Assets</b>                            |            |            |
| Current assets                           |            |            |
| Cash                                     | \$ 5,716   | \$ 5,525   |
| Short-term investments                   | 8,333      | 6,230      |
| Accounts receivable                      | 139        | 184        |
| Contributions receivable, at fair value  | 9,064      | 10,821     |
| Bookstore inventory and prepaid expenses | 199        | 211        |
| Total current assets                     | 23,451     | 22,971     |
| Investments, pooled                      | 368,376    | 374,760    |
| Investments, outside pool                | 7,616      | 12,004     |
| Contributions receivable, at fair value  | 49,941     | 51,207     |
| Property and equipment, net              | 175,422    | 182,545    |
| Trusts held by others                    | 38,309     | 37,422     |
| Total assets                             | \$ 663,115 | \$ 680,909 |
| <b>Liabilities and Net Assets</b>        |            |            |
| Current liabilities                      |            |            |
| Accounts payable and accrued liabilities | \$ 3,657   | \$ 5,241   |
| Bond interest payable                    | 431        | 257        |
| Bonds and notes payable                  | 19,959     | 19,906     |
| Total current liabilities                | 24,047     | 25,404     |
| Bonds and notes payable                  | 105,111    | 109,371    |
| Total liabilities                        | 129,158    | 134,775    |
| <b>Net Assets</b>                        |            |            |
| Without donor restrictions               |            |            |
| General undesignated                     | 4,423      | 4,301      |
| Board designated                         | 251,025    | 263,738    |
| With donor restrictions                  | 278,509    | 278,095    |
| Total net assets                         | 533,957    | 546,134    |
| Total liabilities and net assets         | \$ 663,115 | \$ 680,909 |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidated Statements of Activities

Years Ended April 30, 2023 and 2022

*(Dollars in thousands)*

|   | April 30, 2023                   |                               |                   | April 30, 2022                   |                               |                   |
|---|----------------------------------|-------------------------------|-------------------|----------------------------------|-------------------------------|-------------------|
|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total             | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total             |
|   | <b>Support and Revenue</b>       |                               |                   |                                  |                               |                   |
| Contributions   | \$ 4,693                         | \$ 5,780                      | \$ 10,473         | \$ 5,508                         | \$ 2,442                      | \$ 7,950          |
| Membership dues and fees  | 4,369                            | -                             | 4,369             | 4,015                            | -                             | 4,015             |
| Admission fees  | 774                              | -                             | 774               | 574                              | -                             | 574               |
| Program fees, royalties and other   | 323                              | -                             | 323               | 3,117                            | -                             | 3,117             |
| Auxiliary activities  | 4,114                            | -                             | 4,114             | 2,950                            | -                             | 2,950             |
| Net investment return designated for current use  | 13,652                           | 6,328                         | 19,980            | 11,693                           | 5,766                         | 17,459            |
| Forgiveness of Paycheck Protection Program loan   | -                                | -                             | -                 | 3,152                            | -                             | 3,152             |
| Net assets released from restrictions   |                                  |                               |                   |                                  |                               |                   |
| Satisfaction of program restrictions  | 6,129                            | (6,129)                       | -                 | 2,636                            | (2,636)                       | -                 |
| Satisfaction of time restrictions   | 4,650                            | (4,650)                       | -                 | 2,305                            | (2,305)                       | -                 |
| Satisfaction of capital acquisition restrictions  | 158                              | (158)                         | -                 | 249                              | (249)                         | -                 |
| <b>Total support and revenue</b>  | <b>38,862</b>                    | <b>1,171</b>                  | <b>40,033</b>     | <b>36,199</b>                    | <b>3,018</b>                  | <b>39,217</b>     |
| <b>Expenses</b>   |                                  |                               |                   |                                  |                               |                   |
| Curators, design and conservation   | 6,518                            | -                             | 6,518             | 5,864                            | -                             | 5,864             |
| Special exhibitions   | 1,634                            | -                             | 1,634             | 889                              | -                             | 889               |
| Education and library   | 3,643                            | -                             | 3,643             | 2,971                            | -                             | 2,971             |
| Administration  | 3,091                            | -                             | 3,091             | 2,966                            | -                             | 2,966             |
| Operations and security   | 9,975                            | -                             | 9,975             | 8,571                            | -                             | 8,571             |
| Auxiliary activities  | 3,325                            | -                             | 3,325             | 2,435                            | -                             | 2,435             |
| Membership services   | 806                              | -                             | 806               | 709                              | -                             | 709               |
| Development and public information  | 2,460                            | -                             | 2,460             | 2,112                            | -                             | 2,112             |
| Depreciation  | 8,024                            | -                             | 8,024             | 7,999                            | -                             | 7,999             |
| Interest and debt issuance cost amortization  | 2,906                            | -                             | 2,906             | 881                              | -                             | 881               |
| <b>Total expenses</b>   | <b>42,382</b>                    | <b>-</b>                      | <b>42,382</b>     | <b>35,397</b>                    | <b>-</b>                      | <b>35,397</b>     |
| <b>Change in Net Assets Before Other Items</b>  | <b>(3,520)</b>                   | <b>1,171</b>                  | <b>(2,349)</b>    | <b>802</b>                       | <b>3,018</b>                  | <b>3,820</b>      |
| <b>Other Items</b>  |                                  |                               |                   |                                  |                               |                   |
| Contributions for works of art / library volumes  | -                                | 127                           | 127               | -                                | 190                           | 190               |
| Cost of acquisition of art objects / library volumes  | -                                | (364)                         | (364)             | -                                | (908)                         | (908)             |
| Net investment return designated for art / library acquisitions   | -                                | 890                           | 890               | -                                | 879                           | 879               |
| Net investment return in deficit of amounts designated<br>for current operations and art / library acquisitions | (9,071)                          | (2,297)                       | (11,368)          | (14,284)                         | (8,073)                       | (22,357)          |
| Change in value of trusts held by others  | -                                | 887                           | 887               | -                                | (1,048)                       | (1,048)           |
| <b>Change in Net Assets</b>   | <b>(12,591)</b>                  | <b>414</b>                    | <b>(12,177)</b>   | <b>(13,482)</b>                  | <b>(5,942)</b>                | <b>(19,424)</b>   |
| <b>Net Assets, Beginning of Year</b>  | <b>268,039</b>                   | <b>278,095</b>                | <b>546,134</b>    | <b>281,521</b>                   | <b>284,037</b>                | <b>565,558</b>    |
| <b>Net Assets, End of Year</b>  | <b>\$ 255,448</b>                | <b>\$ 278,509</b>             | <b>\$ 533,957</b> | <b>\$ 268,039</b>                | <b>\$ 278,095</b>             | <b>\$ 546,134</b> |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidated Statements of Cash Flows

Years Ended April 30, 2023 and 2022

*(Dollars in thousands)*

|   | 2023        | 2022        |
|---|-------------|-------------|
| <b>Operating Activities</b>   |             |             |
| Change in net assets  | \$ (12,177) | \$ (19,424) |
| Items not requiring (providing) operating activities cash flows                             |             |             |
| Depreciation and amortization   | 7,857       | 7,769       |
| Net realized and unrealized (gains) losses on investments                                   | (7,895)     | 5,054       |
| Change in value of trusts held by others  | (887)       | 1,048       |
| Change in net assets due to acquisitions and dispositions<br>of art and library collections | 364         | 908         |
| Gain on forgiveness of Paycheck Protection Program loan                                     | -           | (3,152)     |
| Contributions and investment income received restricted for<br>Long-term investment         | (100)       | (72)        |
| Acquisition of art collections  | (127)       | (190)       |
| Changes in  |             |             |
| Accounts and other receivables  | 45          | 1,736       |
| Contributions receivables   | 1,993       | 1,949       |
| Bookstore inventory and prepaid expenses  | 12          | 24          |
| Accounts payable and accrued liabilities  | (1,364)     | (390)       |
|   | (12,279)    | (4,740)     |
| <b>Investing Activities</b>   |             |             |
| Purchase of investments   | (47,532)    | (36,831)    |
| Proceeds from sale of investments   | 64,096      | 44,802      |
| Purchase of property and equipment  | (947)       | (817)       |
| Purchase of art and library collections   | (364)       | (908)       |
|   | 15,253      | 6,246       |
| <b>Financing Activities</b>   |             |             |
| Contributions and investment income received restricted for<br>Long-term investment         | 130         | 100         |
| Acquisition of long-lived assets  | 1,000       | 2,000       |
| Acquisition of art collections  | 127         | 190         |
| Principal payments on bonds and notes payable   | (4,040)     | (3,920)     |
|   | (2,783)     | (1,630)     |
| <b>Change in Cash</b>   | 191         | (124)       |
| <b>Cash, Beginning of Year</b>  | 5,525       | 5,649       |
| <b>Cash, End of Year</b>  | \$ 5,716    | \$ 5,525    |
| <b>Supplemental Disclosure of Cash Flows Information</b>                                    |             |             |
| Cash paid for interest  | \$ 2,470    | \$ 721      |
| Property and equipment in accounts payable  | -           | 46          |

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

## **Notes to Consolidated Financial Statements**

**April 30, 2023 and 2022**

*(Dollars in thousands)*

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

#### ***Nature of Operations***

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

A common Board of Trustees serve the Foundation and Trust. The Trust provides for acquisitions of art for public exhibitions as well as providing operational support for the Foundation. Support from the Trust for the Foundation is provided through program fees, which are determined pursuant to the spending policy. For the years ended April 30, 2023 and 2022, the Trust provided \$1,900 and \$1,770, respectively, as support for the operation of the museum.

#### ***Basis of Presentation***

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

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Investments and Net Investment Return***

The museum measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in common trust funds and alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

The museum considers uninvested cash and cash equivalents included in investment accounts, including endowment accounts and board-designated reserve funds, to be a part of the investment portfolio and not cash and cash equivalents.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.



# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

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

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

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

### ***Property and Equipment***

Property and equipment acquisitions over \$10,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

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

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

### ***Long-lived Asset Impairment***

The museum evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended April 30, 2023 and 2022.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### ***Trusts Held by Others***

Trusts administered by third parties for the benefit of the museum are included in the consolidated financial statements, with changes in such amounts recorded in the consolidated statements of activities as changes in net assets with donor restrictions. Periodic distributions of income are received from these trusts and are reported in the consolidated statements of activities as revenues with or without donor restrictions based on donor stipulations within the original trust agreement. During the years ended April 30, 2023 and 2022, the museum received distributions of \$1,397 and \$1,145, respectively.

The museum is the beneficiary under two irrevocable trusts which are not included in the consolidated statements of financial position or activities as adequate reliable and verifiable evidence to measure the amount of the interest is currently not available.

### ***Net Assets***

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

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for a board-designated endowment (see *Note 8*) and a capital/programs reserve fund (see *Note 7*).

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

### ***Contributions***

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

| <b>Nature of the Gift</b>  | <b>Value Recognized</b>   |
|--|---|
| <i>Conditional gifts, with or without restriction</i>  |   |
| Gifts that depend on the museum overcoming a donor-imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met |
| <i>Unconditional gifts, with or without restriction</i>  |   |
| Received at date of gift – cash and other assets   | Fair value  |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

| <b>Nature of the Gift</b>  | <b>Value Recognized</b>  |
|--|--|
| Received at date of gift – property, equipment and long-lived assets | Estimated fair value   |
| Expected to be collected within one year                             | Net realizable value   |
| Collected in future years  | Reported at fair value by discounting the expected future cash flows |

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by donor stipulations and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restrictions.

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

### ***Contributed Services***

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The museum received 32,582 and 26,393 (unaudited) hours of contributed time during the years ended April 30, 2023 and 2022, respectively, from unpaid volunteers. These hours do not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements.

### ***Collections***

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

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

The museum maintains comprehensive fine arts collections of approximately 43,180 and 42,900 (unaudited) pieces for the years ended April 30, 2023 and 2022, respectively, spanning approximately 5,000 years and many cultures. The respective collections are used for the purposes of exhibition, education, study, research, publications and loans to other museums. The collections are kept under curatorial care, including extensive conservation practices and specialized fine arts insurance coverage, and are subject to the museum's policies that require proceeds from the sale of collection items to be used only for acquisition of additional, same-collection items.

All collection items deaccessioned during the years ended April 30, 2023 and 2022, were placed on consignment with art dealers to be sold in the ordinary course of business; as a consequence, some deaccessioned items remain unsold on consignment at year-end. No collection items were given away, destroyed, lost or stolen during the years ended April 30, 2023 and 2022.

### ***Income Taxes***

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

### ***Fair Value Measurements***

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

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

### ***Revisions***

Certain immaterial revisions have been made to the 2022 consolidated financial statements related to the presentation of short- and long-term contributions receivable. These revisions did not have a significant impact on the financial statement lines impacted.

### ***Subsequent Events***

Subsequent events have been evaluated through September 22, 2023, which is the date the consolidated financial statements were issued.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 2: Contributions Receivable

Contributions receivable at April 30, assuming none of the guaranteed bonds are tendered by the holder which would require advance payment from the donor (see discussion below), consisted of the following unconditional promises to give with discount rates ranging from 1.9% to 8%:

|   | 2023      | 2022      |
|---|-----------|-----------|
| Due within one year                       | \$ 3,364  | \$ 5,177  |
| Due in one to five years                  | 6,378     | 6,825     |
| Due in more than five years               | 61,561    | 63,781    |
|   | 71,303    | 75,783    |
| Less                                      |           |           |
| Allowance for uncollectible contributions | (505)     | (506)     |
| Unamortized discount                      | (11,793)  | (13,249)  |
|   | \$ 59,005 | \$ 62,028 |

Bequests and other commitments amounting to approximately \$30,900 and \$31,500 at April 30, 2023 and 2022, respectively, are considered to be conditional promises to give or intentions to give and, as such, have not been reflected in the accompanying consolidated financial statements.

Pursuant to an agreement entered into with a donor during the fiscal year ended April 30, 2004, the museum recorded a contribution receivable in the amount of \$60,000, net of discount. Under the terms of the agreement, the donor is unconditionally obligated to make contributions equal in amount to all required interest and principal payments as they become due on the outstanding Series 2004A tax-exempt bonds (see *Note 6*) for the purpose of meeting the museum's obligation to make such payments. If the 2004A debt becomes due early, as noted in *Note 6*, the donor is obligated to make contributions equal to the amount due. Therefore, \$5,700 is classified as a current asset on the consolidated statements of financial position.

As permitted by Topic 825, the museum has elected to measure contributions receivable at fair value primarily due to the agreement discussed in the preceding paragraph. Under the fair value option, the contribution receivable associated with the agreement is adjusted on a recurring basis to correspond with the anticipated future cash flows for principal and interest payments on the related bonds payable based on current market interest rates. Changes in fair value of contributions receivable and the related offsetting changes in the unamortized discount in the table above resulted in no gains or losses on the accompanying consolidated statements of activities for the years ending April 30, 2023 and 2022.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 3: Investments and Fair Value Measurements and Disclosures

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2023 and 2022:

|   | 2023              |                               |                  |                  | Investments<br>Measured at<br>NAV (A) |
|---|-------------------|-------------------------------|------------------|------------------|---------------------------------------|
|   | Fair Value        | Fair Value Measurements Using |                  |                  |                                       |
|   |                   | Level 1                       | Level 2          | Level 3          |                                       |
| Short-term investments                            |                   |                               |                  |                  |                                       |
| Money market funds                                | \$ 8,333          | \$ 8,333                      | \$ -             | \$ -             | \$ -                                  |
| Long-term investments                             |                   |                               |                  |                  |                                       |
| Cash equivalents                                  | 2,491             | 2,491                         | -                | -                | -                                     |
| Domestic equity securities                        | 3,592             | 3,592                         | -                | -                | -                                     |
| International equity securities                   | 30                | 30                            | -                | -                | -                                     |
| Fixed income mutual funds                         | 7,616             | 7,616                         | -                | -                | -                                     |
| U.S. government and agency obligations            | 8,867             | -                             | 8,867            | -                | -                                     |
| Corporate bonds                                   | 18,149            | -                             | 18,149           | -                | -                                     |
| Common trust funds - U.S. fixed income strategies | 7,628             | -                             | -                | -                | 7,628                                 |
| Common trust funds - U.S. equity strategies       | 109,104           | -                             | -                | -                | 109,104                               |
| Common trust funds - international strategies     | 16,810            | -                             | -                | -                | 16,810                                |
| Alternative investments                           | 201,705           | -                             | -                | -                | 201,705                               |
| Total long-term investments                       | 375,992           | 13,729                        | 27,016           | -                | 335,247                               |
| Contributions receivable                          | 59,005            | -                             | 59,005           | -                | -                                     |
| Trusts held by others                             | 38,309            | -                             | -                | 38,309           | -                                     |
|   | <u>\$ 481,639</u> | <u>\$ 22,062</u>              | <u>\$ 86,021</u> | <u>\$ 38,309</u> | <u>\$ 335,247</u>                     |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

|   | 2022                          |           |           |           | Investments<br>Measured at<br>NAV (A) |
|---|-------------------------------|-----------|-----------|-----------|---------------------------------------|
|   | Fair Value Measurements Using |           |           |           |                                       |
|   | Fair Value                    | Level 1   | Level 2   | Level 3   |                                       |
| Short-term investments                            |                               |           |           |           |                                       |
| Money market funds                                | \$ 6,230                      | \$ 6,230  | \$ -      | \$ -      | \$ -                                  |
| Long-term investments                             |                               |           |           |           |                                       |
| Cash equivalents                                  | 6,119                         | 6,119     | -         | -         | -                                     |
| Domestic equity securities                        | 7,169                         | 7,169     | -         | -         | -                                     |
| International equity securities                   | 73                            | 73        | -         | -         | -                                     |
| Fixed income mutual funds                         | 12,004                        | 12,004    | -         | -         | -                                     |
| U.S. government and agency obligations            | 6,997                         | -         | 6,997     | -         | -                                     |
| Corporate bonds                                   | 19,869                        | -         | 19,869    | -         | -                                     |
| Common trust funds - U.S. fixed income strategies | 11,964                        | -         | -         | -         | 11,964                                |
| Common trust funds - U.S. equity strategies       | 107,473                       | -         | -         | -         | 107,473                               |
| Common trust funds - international strategies     | 17,651                        | -         | -         | -         | 17,651                                |
| Alternative investments                           | 197,445                       | -         | -         | -         | 197,445                               |
| Total long-term investments                       | 386,764                       | 25,365    | 26,866    | -         | 334,533                               |
| Contributions receivable                          | 62,028                        | -         | 62,028    | -         | -                                     |
| Trusts held by others                             | 37,422                        | -         | 5         | 37,417    | -                                     |
|   | \$ 492,444                    | \$ 31,595 | \$ 88,899 | \$ 37,417 | \$ 334,533                            |

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

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended April 30, 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### ***Short- and Long-term Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

### ***Contributions Receivable***

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

### ***Trusts Held by Others***

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

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at April 30, 2023 and 2022:

|                       | <b>Fair Value<br/>4/30/2023</b> | <b>Fair Value<br/>4/30/2022</b> | <b>Valuation<br/>Technique</b>                          | <b>Unobservable<br/>Inputs</b>  | <b>Range<br/>(Weighted<br/>Average)</b> |
|-----------------------|---------------------------------|---------------------------------|---|---|---|
| Trusts held by others | \$ 38,309                       | \$ 37,417                       | Estimated value of<br>the expected future<br>cash flows | Fair value of the<br>underlying assets<br>as reported by the<br>trustee | N/A                                     |

The change in fair value of trusts held by others for the years ended April 30, 2023 and 2022, was \$892 and (\$1,048), respectively.



# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### *Long-term Investments at Net Asset Value*

At April 30, 2023 and 2022, the museum held the following investments in certain entities that calculate net asset value per share as a practical expedient.

|  | Fair Value |            | Unfunded Commitments |           | Redemption<br>Frequency  | Redemption<br>Notice Period              |
|--|------------|------------|----------------------|-----------|--------------------------|--|
|  | 2023       | 2022       | 2023                 | 2022      |                          |  |
| Common trust fund -<br>U.S. fixed income<br>strategies (A)   | \$ 7,628   | \$ 11,964  | N/A                  | N/A       | Monthly                  | 5 days                                   |
| Common trust fund -<br>U.S. equity<br>strategies (A)         | 109,104    | 107,473    | N/A                  | N/A       | Daily                    | 2 days                                   |
| Common trust funds -<br>international<br>strategies (A)      | 16,810     | 17,651     | N/A                  | N/A       | Daily/Monthly            | 2 - 30 days                              |
| Global equity<br>marketable<br>partnerships and<br>funds (B) | 72,818     | 66,910     | N/A                  | N/A       | Monthly/Semi-<br>Monthly | 5 - 30 days                              |
| Multi-strategy<br>hedge funds (C)                            | 9,939      | 14,425     | N/A                  | N/A       | Daily                    | 1 day                                    |
| Multi-strategy<br>hedge funds (C)                            | 66,461     | 69,854     | N/A                  | N/A       | Limited                  | Quarterly/Semi-<br>Annually/<br>Annually |
| Private equity<br>funds (D)                                  | 51,906     | 45,231     | \$ 40,862            | \$ 33,644 | Non-redeemable           | None                                     |
| Distressed<br>opportunity<br>funds (E)                       | 581        | 1,025      | 2,215                | 3,180     | Non-redeemable           | None                                     |
|  | \$ 335,247 | \$ 334,533 | \$ 43,077            | \$ 36,824 |                          |  |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

- (A) Common trust funds permit the commingling or pooling of investors' money into one account (known as a common fund) for the purpose of creating a single investment. Because they are a bank product, common trust funds are not required to be registered with the Securities and Exchange Commission and they are not considered to be a security under state and federal securities laws. Much like mutual funds, common trust funds strike a net asset value on a periodic basis and have varying investment strategies that primarily include investments in traditional assets such as domestic and international equity, fixed income securities and other securities. The museum's investments in common trust funds may be redeemed at net asset value on a daily or monthly basis, depending on the fund.
- (B) Marketable partnership interests include investments in limited partnerships that seek capital appreciation and income by managing assets in investment pools, investment partnerships and similar entities (*i.e.*, a fund of funds). Fair value has been estimated using the net asset value per share of the investments. The marketable partnership interests are available for redemption on a semi-monthly or monthly basis, depending on the fund.
- (C) Multi-strategy hedge funds include investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Investments representing approximately 87% and 83% as of April 30, 2023 and 2022, respectively, of the value of investments in this category may be redeemed on a limited basis quarterly, semi-annually or annually. The remaining value of investments may be redeemed on a daily basis.
- (D) Private equity funds are structured as closed-end, commitment-based investment funds where the museum commits a specified amount of capital upon inception of the fund (*i.e.*, committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit commitments by new or existing investors.
- (E) Distressed opportunity funds invest in direct and indirect investments in privately and publicly issued debt securities and privately issued equity securities of companies that are currently experiencing financial and/or operational distress. This fund will liquidate one year after the date by which all investments have been liquidated and all obligations have been terminated.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 4: Liquidity and Availability

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

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

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

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

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

The table below presents financial assets available for general expenditures within one year at April 30, 2023 and 2022 (in thousands):

|  | 2023      | 2022      |
|--|-----------|-----------|
| Cash   | \$ 5,716  | \$ 5,525  |
| Short-term investments   | 8,333     | 6,230     |
| Accounts receivable  | 139       | 184       |
| Contributions receivable, at fair value  | 59,005    | 62,028    |
| Investments  | 375,992   | 386,764   |
| Trusts held by others  | 38,309    | 37,422    |
| Total financial assets   | 487,494   | 498,153   |
| Investments held in non-custodial trusts   | 38,309    | 37,422    |
| Contributions receivable due after one year  | 49,941    | 51,207    |
| Contributions receivable due within one year for debt service                          | 5,700     | 5,700     |
| Contributions receivable due within one year for capital project                       | -         | 1,000     |
| Investments held for board designated Capital/Program reserve fund                     | 53,241    | 59,248    |
| Investments held for endowments  | 135,456   | 139,937   |
| Investments held for quasi-endowments  | 136,726   | 142,831   |
| Financial assets not available to be used within one year                              | 419,373   | 437,345   |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 68,121 | \$ 60,808 |

The museum receives contributions and investment return from endowments restricted by donors and the board and considers contributions and investment return generated from endowments restricted (externally or internally) for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended April 30, 2023 and 2022, restricted contributions and restricted investment returns which have been appropriated in accordance with the museum's spending policy, but not yet spent, of \$48,026 and \$42,411, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 5: Property and Equipment

Property and equipment at April 30 consisted of:

|                                   | 2023       | 2022       |
|-----------------------------------|------------|------------|
| Land                              | \$ 10,235  | \$ 10,235  |
| Buildings and improvements        | 290,432    | 290,144    |
| Furniture, fixtures and equipment | 1,644      | 1,463      |
| Construction-in-progress          | 152        | 66         |
|                                   | 302,463    | 301,908    |
| Less accumulated depreciation     | (127,041)  | (119,363)  |
|                                   | \$ 175,422 | \$ 182,545 |

### Note 6: Bonds and Notes Payable

Bonds and notes payable at April 30 consisted of the following:

|   | 2023       | 2022       |
|---|------------|------------|
| Cultural Facilities Revenue Bonds, Series 2004A (A)     | \$ 57,000  | \$ 57,000  |
| Cultural Facilities Revenue Bonds, Series 2008A (B)     | 60,000     | 60,000     |
| Cultural Facilities Revenue Bonds, Series 2012A (C)     | 8,530      | 12,570     |
|   | 125,530    | 129,570    |
| Add unamortized premium                                 | 265        | 509        |
| Less unamortized debt issuance costs                    | (725)      | (802)      |
| Less current maturities of bonds and notes payable, net | (19,959)   | (19,906)   |
|   | \$ 105,111 | \$ 109,371 |

Beginning in 2001, at the request of and for the benefit of the museum, the Missouri Development Finance Board (the MDFB), a bond issuer for Missouri nonprofit organizations, issued a total of six series of bonds and made the proceeds of such bonds available to the museum under separate loan agreements. Of these six series of bonds, three had been paid in full prior to April 30, 2023.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

The proceeds of the series 2004A and 2008A Bonds were used to finance costs of improvements and additions to the museum, to pay interest during construction and other costs related to the issuance of the bonds. Proceeds of the series 2008A Bonds were additionally used to refund and redeem variable rate bonds issued by the MDFB in 2001. Both of these variable rate issues experienced daily interest rates ranging from 0.28% to 4.23% and 0.01% to 0.42% during fiscal years 2023 and 2022, respectively. The interest rates are reset daily by a remarketing agent based upon current market conditions. The series 2012A Bonds were issued to refund and redeem \$48,500 of the series 2008A Bonds issue, with annual interest rates ranging from 3.00% to 5.00% during fiscal years 2023 and 2022.

- (A) \$60,000 in tax-exempt, Variable Rate Demand Cultural Facilities Revenue Bonds were issued in April 2004. Payments on this series of bonds are secured by a donation agreement (see *Note 2*). The donor chose to make a voluntary \$3,000 reduction of the series balance in December 2014. Bonds are payable at various dates from 2029 through 2033.
- (B) \$108,500 in tax-exempt, Variable Rate Demand Cultural Facilities Revenue Bonds were issued in August 2008. The original series was refunded by \$48,500 with the issuance of the Series 2012A bonds. The remaining \$60,000 is payable December 1, 2037.
- (C) \$42,415 in tax-exempt, Cultural Facilities Revenue Bonds were issued in August 2012. The bonds are payable at various dates through 2024.

The Series 2004A and 2008A Bonds are also subject to daily optional tender by the holders thereof and may become due as a result of such tender. The Series 2004A and 2008A Bonds are each supported by liquidity facilities in the form of standby bond purchase agreements. These agreements support the payment of the tender price for the variable rate term bonds and require that the principal of these bonds purchased by the liquidity provider that are not remarketed must be paid over a five-year period in ten equal semiannual installments and over a three-year period in six equal semiannual installments, respectively, beginning the first June or December that is at least six months after the purchase. If a purchase was to occur under the liquidity facilities, the museum would be required to make one principal payment within the next fiscal year; therefore, \$15,700 is classified as a current liability. While the bonds are held by the liquidity provider, the bonds bear interest at a market-based rate. The liquidity facilities related to the Series 2004A Bonds expire on January 22, 2025, and the Series 2008A Bonds expire on December 19, 2025.

The liquidity facility supporting the Series 2008A Bonds requires the museum to comply with various covenants, including maintaining a liquidity ratio of at least 110% of puttable debt. At April 30, 2023 and 2022, the museum was in compliance with this financial covenant.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

Aggregate annual maturities of bonds payable, assuming none of the bonds are tendered by the holder thereof and excluding the current portion amortization of bond premium and debt issuance costs of \$99, at April 30, 2023 are:

|            |    |                       |
|------------|----|-----------------------|
| 2024       | \$ | 4,160                 |
| 2025       |    | 4,370                 |
| 2026       |    | -                     |
| 2027       |    | -                     |
| 2028       |    | -                     |
| Thereafter |    | <u>117,000</u>        |
|            | \$ | <u><u>125,530</u></u> |

Total interest expense included in the consolidated statements of activities was \$2,983 and \$966 for the years ended April 30, 2023 and 2022, respectively.

The museum received a Paycheck Protection Program (PPP) loan established by the CARES Act and elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest was accrued in accordance with the loan agreement. The loan was set to mature in April 2022. On September 24, 2021, the museum received formal forgiveness of the loan and related accrued interest and recognized a gain in the consolidated statements of activities. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration or lender; as a result of such audit, adjustments could be required to any gain that may be recognized.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 7: Net Assets

#### *Net Assets With Donor Restrictions*

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

|   | 2023       | 2022       |
|---|------------|------------|
| Subject to expenditure for specified purpose  |            |            |
| Art acquisition   | \$ 10,263  | \$ 9,599   |
| Curators and collections management   |            |            |
| Curatorial programs and galleries   | 17,971     | 16,848     |
| Publications  | 262        | 270        |
| Special exhibitions   | 2,189      | 1,888      |
| Education and library   | 4,407      | 1,645      |
| Conservation science  | 1,414      | 544        |
| Technology initiative   | 767        | 663        |
| Building, equipment and other   | 680        | 867        |
| Contributions receivable, the proceeds from which have<br>been restricted by donors for   |            |            |
| Art acquisition   | 190        | 190        |
| Curators and collections management   | 883        | 1,792      |
| Publications  | 166        | 257        |
| Education and library   | 185        | 135        |
| Multiple program activities   | 193        | -          |
| Building, equipment and other   | 57,000     | 57,200     |
|   | 96,570     | 91,898     |
| Subject to the passage of time  |            |            |
| Contributions receivable that are not restricted by donors<br>but which are unavailable for expenditure until<br>received, included within the board-designated Capital/<br>Programs fund | 388        | 744        |
| Contributions receivable that are not restricted by donors<br>but which are unavailable for expenditure until<br>received   | -          | 1,150      |
|   | 388        | 1,894      |
| Subject to endowment spending policy and appropriation  |            |            |
| Curators and collections management   |            |            |
| Curatorial programs and galleries   | 40,255     | 41,517     |
| Publications  | 1,605      | 1,656      |
| Special exhibitions   | 8,222      | 8,475      |
| Education and library   | 14,918     | 14,941     |
| Conservation science  | 2,116      | 2,191      |
| Art acquisition   | 9,238      | 9,121      |
| Multiple program activities   | 20,330     | 20,992     |
| General operations  | 46,558     | 47,988     |
| Total endowments subject to spending policy   | 143,242    | 146,881    |
| Not subject to endowment spending policy or<br>appropriation  |            |            |
| Trusts held by others   | 38,309     | 37,422     |
| Total net assets with donor restrictions  | \$ 278,509 | \$ 278,095 |



# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### *Net Assets Released from Restrictions*

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

|  | 2023      | 2022     |
|--|-----------|----------|
| Expiration of time restrictions  | \$ 2,175  | \$ -     |
| Satisfaction of purpose restrictions                                     |           |          |
| Curators and collections management                                      |           |          |
| Curatorial programs and galleries  | 2,694     | 1,301    |
| Publications   | 192       | 85       |
| Special exhibitions  | 544       | 4        |
| Education and library  | 487       | 360      |
| Conservation science   | 175       | 2        |
| Technology initiative  | 96        | -        |
| Multiple program activities  | -         | 1        |
| Building, equipment and other  | 158       | 249      |
| Distributions (proceeds are not restricted by donors)                    |           |          |
| Trusts held by others  | 657       | -        |
| Purpose release of funds appropriated in accordance with spending policy |           |          |
| Curators and collections management                                      |           |          |
| Curatorial programs and galleries  | 705       | 393      |
| Education and library  | 451       | 415      |
| Conservation science   | 128       | 75       |
| Time release of funds appropriated in accordance with spending policy    |           |          |
| General operations   | 2,475     | 2,305    |
|  | \$ 10,937 | \$ 5,190 |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions at April 30 have been designated for the following purposes:

|  | 2023       | 2022       |
|--|------------|------------|
| Undesignated   | \$ 4,423   | \$ 4,301   |
| Board designated endowment supporting operations   | 146,058    | 150,226    |
| Board designated capital/program fund  | 60,282     | 64,915     |
| Invested in property and equipment inclusive of gains<br>on prior sales, net of related debt | 44,685     | 48,597     |
| Total net assets without donor restrictions  | \$ 255,448 | \$ 268,039 |

### **Note 8: Endowment**

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

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

1. Duration and preservation of the fund
2. Purposes of the museum and the fund
3. General economic conditions

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the museum
7. Investment policies of the museum

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

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
|---|-------------------------------|----------------------------|------------|
| <b>April 30, 2023</b>   |                               |                            |            |
| Board-designated funds  | \$ 146,058                    | \$ -                       | \$ 146,058 |
| Donor-restricted funds  |                               |                            |            |
| Original donor-restricted gift amount and amounts<br>required to be maintained in perpetuity by donor | -                             | 102,975                    | 102,975    |
| Accumulated investment gains  | -                             | 40,267                     | 40,267     |
| Total endowment funds   | \$ 146,058                    | \$ 143,242                 | \$ 289,300 |
| <b>April 30, 2022</b>   |                               |                            |            |
| Board-designated funds  | \$ 150,226                    | \$ -                       | \$ 150,226 |
| Donor-restricted funds  |                               |                            |            |
| Original donor-restricted gift amount and amounts<br>required to be maintained in perpetuity by donor | -                             | 102,436                    | 102,436    |
| Accumulated investment gains  | -                             | 44,445                     | 44,445     |
| Total endowment funds   | \$ 150,226                    | \$ 146,881                 | \$ 297,107 |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

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

|   | 2023                          |                            |            |
|---|-------------------------------|----------------------------|------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
| Endowment net assets, beginning of year           | \$ 150,226                    | \$ 146,881                 | \$ 297,107 |
| Net investment return                             | 3,102                         | 3,366                      | 6,468      |
| Contributions                                     | 50                            | 422                        | 472        |
| Appropriation of endowment assets for expenditure | (7,320)                       | (7,427)                    | (14,747)   |
| Endowment net assets, end of year                 | \$ 146,058                    | \$ 143,242                 | \$ 289,300 |
|   | 2022                          |                            |            |
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
| Endowment net assets, beginning of year           | \$ 157,784                    | \$ 156,262                 | \$ 314,046 |
| Net investment loss                               | (2,080)                       | (2,392)                    | (4,472)    |
| Contributions                                     | 1,479                         | 1,700                      | 3,179      |
| Appropriation of endowment assets for expenditure | (6,957)                       | (8,689)                    | (15,646)   |
| Endowment net assets, end of year                 | \$ 150,226                    | \$ 146,881                 | \$ 297,107 |

### ***Return Objectives and Risk Parameters***

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

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

## **Notes to Consolidated Financial Statements**

**April 30, 2023 and 2022**

*(Dollars in thousands)*

### ***Strategies Employed for Achieving Objectives***

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

### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The current spending policy of the museum is made up of support generated from the operating endowments and support generated from a separate board-designated endowment fund. Support from the operating endowments are calculated: (1) at approximately 30% of the long-term spending rate of 5% applied to the average of the four-calendar quarter, average market values of the endowments, plus (2) 70% of the endowment spending allowed for the previous fiscal year, adjusted for inflation. In the fiscal year ended April 30, 2023, the museum's spending policy was amended to include collars assuring that the calculation would provide no less than 4% and no more than 6% of the average market value of the endowment assets for the four calendar quarters immediately preceding the fiscal year for which support is being budgeted. Support is appropriated from endowment gifts received after December 31 of the preceding calendar year at 5% of the gift amount, prorated on a monthly basis.

### ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the museum to retain as a fund of perpetual duration. At April 30, 2023 and 2022, funds with original gift values of \$23,973 and \$15,498; fair values of \$22,687 and \$14,765; and deficiencies of \$1,286 and \$733, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 9: Functional Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis below for the years ended April 30, 2023 and 2022. Below presents the natural classification detail of expenses by function. Certain costs have been allocated among program, management and general and fundraising categories based on the time expended, usage and other methods.

| April 30, 2023                 | Program Services |                  |                 |                        | Support Services       |                 |                        |                  | Total |
|--------------------------------|------------------|------------------|-----------------|------------------------|------------------------|-----------------|------------------------|------------------|-------|
|                                | Curatorial       | Education        | Exhibitions     | Total Program Services | Management and General | Fundraising     | Total Support Services |                  |       |
| Salaries and benefits          | \$ 6,310         | \$ 4,580         | \$ 2,084        | \$ 12,974              | \$ 2,038               | \$ 2,148        | \$ 4,186               | \$ 17,160        |       |
| Professional fees and services | 1,458            | 1,467            | 1,635           | 4,560                  | 713                    | 557             | 1,270                  | 5,830            |       |
| Occupancy                      | 895              | 779              | 779             | 2,453                  | 506                    | 179             | 685                    | 3,138            |       |
| Equipment and supplies         | 525              | 546              | 836             | 1,907                  | 265                    | 721             | 986                    | 2,893            |       |
| Advertising                    | 8                | 26               | 210             | 244                    | 9                      | 26              | 35                     | 279              |       |
| Travel and events              | 111              | 118              | 40              | 269                    | 76                     | 65              | 141                    | 410              |       |
| Insurance                      | 62               | 62               | 149             | 273                    | 30                     | 18              | 48                     | 321              |       |
| Costs of goods sold            | 297              | 319              | 297             | 913                    | 22                     | 76              | 98                     | 1,011            |       |
| Interest                       | 783              | 782              | 782             | 2,347                  | 379                    | 180             | 559                    | 2,906            |       |
| Depreciation                   | 2,160            | 2,160            | 2,160           | 6,480                  | 1,048                  | 496             | 1,544                  | 8,024            |       |
| Other                          | 13               | 45               | 22              | 80                     | 211                    | 119             | 330                    | 410              |       |
|                                | <u>\$ 12,622</u> | <u>\$ 10,884</u> | <u>\$ 8,994</u> | <u>\$ 32,500</u>       | <u>\$ 5,297</u>        | <u>\$ 4,585</u> | <u>\$ 9,882</u>        | <u>\$ 42,382</u> |       |

| April 30, 2022                 | Program Services |                 |                 |                        | Support Services       |                 |                        |                  | Total |
|--------------------------------|------------------|-----------------|-----------------|------------------------|------------------------|-----------------|------------------------|------------------|-------|
|                                | Curatorial       | Education       | Exhibitions     | Total Program Services | Management and General | Fundraising     | Total Support Services |                  |       |
| Salaries and benefits          | \$ 6,098         | \$ 4,161        | \$ 2,019        | \$ 12,278              | \$ 2,326               | \$ 1,898        | \$ 4,224               | \$ 16,502        |       |
| Professional fees and services | 931              | 959             | 1,035           | 2,925                  | 498                    | 520             | 1,018                  | 3,943            |       |
| Occupancy                      | 734              | 629             | 629             | 1,992                  | 338                    | 123             | 461                    | 2,453            |       |
| Equipment and supplies         | 385              | 467             | 346             | 1,198                  | 302                    | 293             | 595                    | 1,793            |       |
| Advertising                    | 18               | 26              | 141             | 185                    | 22                     | 42              | 64                     | 249              |       |
| Travel and events              | 34               | 22              | 9               | 65                     | 35                     | 32              | 67                     | 132              |       |
| Insurance                      | 52               | 57              | 57              | 166                    | 25                     | 16              | 41                     | 207              |       |
| Costs of goods sold            | 237              | 239             | 237             | 713                    | 6                      | 18              | 24                     | 737              |       |
| Interest                       | 239              | 242             | 242             | 723                    | 110                    | 48              | 158                    | 881              |       |
| Depreciation                   | 2,193            | 2,193           | 2,193           | 6,579                  | 988                    | 432             | 1,420                  | 7,999            |       |
| Other                          | 94               | 24              | 21              | 139                    | 242                    | 120             | 362                    | 501              |       |
|                                | <u>\$ 11,015</u> | <u>\$ 9,019</u> | <u>\$ 6,929</u> | <u>\$ 26,963</u>       | <u>\$ 4,892</u>        | <u>\$ 3,542</u> | <u>\$ 8,434</u>        | <u>\$ 35,397</u> |       |

### Note 10: Defined Contribution Plan

The museum has a defined contribution 403(b) plan covering substantially all employees, which became effective July 1, 2018. The museum provides a 2% non-discretionary contribution for all eligible employees and a 50% match of the employee's discretionary deferred contributions up to a maximum employee contribution of 10%. Pension expense for this plan was \$714 and \$686 for the years ended April 30, 2023 and 2022, respectively.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2023 and 2022

*(Dollars in thousands)*

### Note 11: Significant Estimates, Concentrations and Uncertainties

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

#### ***Cash***

At April 30, 2023 and 2022, the museum's cash accounts exceeded federally insured limits by \$5,459 and \$4,932, respectively.

#### ***Contributions Receivable***

Approximately 97% and 92% of all contributions receivable were from one donor in 2023 and 2022, respectively. As discussed in *Notes 2 and 6*, the large outstanding contribution receivable relates to the guarantee received on the Series 2004A tax-exempt bonds.

#### ***Contributions***

Approximately 24% and 40% of all contributions were from one and two donors in 2023 and 2022, respectively.

#### ***Investments***

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

#### ***General Litigation***

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

#### ***Functional Expense***

Significant estimates relating to the allocation of expenses on a functional basis are described in *Note 9*.

## **Supplementary Schedules**



# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidating Statement of Financial Position

April 30, 2023

*(Dollars in thousands)*

|   | The Nelson<br>Gallery<br>Foundation | The William<br>Rockhill<br>Nelson Trust | Consolidated      |
|---|-------------------------------------|---|-------------------|
| <b>Assets</b>                               |                                     |   |                   |
| Current assets                              |                                     |   |                   |
| Cash  | \$ 3,216                            | \$ 2,500                                | \$ 5,716          |
| Short-term investments                      | 3,848                               | 4,485                                   | 8,333             |
| Accounts receivable                         | 139                                 | -                                       | 139               |
| Contributions receivable, at fair value     | 9,064                               | -                                       | 9,064             |
| Bookstore inventory and<br>prepaid expenses | 199                                 | -                                       | 199               |
| Total current assets                        | 16,466                              | 6,985                                   | 23,451            |
| Investments, pooled                         | 330,648                             | 37,728                                  | 368,376           |
| Investments, outside pool                   | 7,616                               | -                                       | 7,616             |
| Contributions receivable, at fair value     | 49,941                              | -                                       | 49,941            |
| Property and equipment, net                 | 175,391                             | 31                                      | 175,422           |
| Trusts held by others                       | 11,618                              | 26,691                                  | 38,309            |
| Total assets                                | <u>\$ 591,680</u>                   | <u>\$ 71,435</u>                        | <u>\$ 663,115</u> |
| <b>Liabilities and Net Assets</b>           |                                     |   |                   |
| Current liabilities                         |                                     |   |                   |
| Accounts payable and<br>accrued liabilities | \$ 3,657                            | \$ -                                    | \$ 3,657          |
| Bond interest payable                       | 431                                 | -                                       | 431               |
| Bonds and notes payable                     | 19,959                              | -                                       | 19,959            |
| Total current liabilities                   | 24,047                              | -                                       | 24,047            |
| Bonds and notes payable                     | 105,111                             | -                                       | 105,111           |
| Total liabilities                           | <u>129,158</u>                      | <u>-</u>                                | <u>129,158</u>    |
| <b>Net Assets</b>                           |                                     |   |                   |
| Without donor restrictions                  |                                     |   |                   |
| General undesignated                        | 4,423                               | -                                       | 4,423             |
| Board designated                            | 251,025                             | -                                       | 251,025           |
| With donor restrictions                     | 207,074                             | 71,435                                  | 278,509           |
| Total net assets                            | <u>462,522</u>                      | <u>71,435</u>                           | <u>533,957</u>    |
| Total liabilities and<br>net assets         | <u>\$ 591,680</u>                   | <u>\$ 71,435</u>                        | <u>\$ 663,115</u> |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidating Statement of Financial Position

April 30, 2022

*(Dollars in thousands)*

|   | The Nelson<br>Gallery<br>Foundation | The William<br>Rockhill<br>Nelson Trust | Consolidated |
|---|-------------------------------------|---|--------------|
| <b>Assets</b>                               |                                     |   |              |
| Current assets                              |                                     |   |              |
| Cash  | \$ 3,025                            | \$ 2,500                                | \$ 5,525     |
| Short-term investments                      | 2,604                               | 3,626                                   | 6,230        |
| Accounts receivable                         | 184                                 | -                                       | 184          |
| Contributions receivable, at fair value     | 10,821                              | -                                       | 10,821       |
| Bookstore inventory and<br>prepaid expenses | 211                                 | -                                       | 211          |
| Total current assets                        | 16,845                              | 6,126                                   | 22,971       |
| Investments, pooled                         | 335,897                             | 38,863                                  | 374,760      |
| Investments, outside pool                   | 12,004                              | -                                       | 12,004       |
| Contributions receivable, at fair value     | 51,207                              | -                                       | 51,207       |
| Property and equipment, net                 | 182,515                             | 30                                      | 182,545      |
| Trusts held by others                       | 12,277                              | 25,145                                  | 37,422       |
| Total assets                                | \$ 610,745                          | \$ 70,164                               | \$ 680,909   |
| <b>Liabilities and Net Assets</b>           |                                     |   |              |
| Current liabilities                         |                                     |   |              |
| Accounts payable and<br>accrued liabilities | \$ 5,237                            | \$ 4                                    | \$ 5,241     |
| Bond interest payable                       | 257                                 | -                                       | 257          |
| Bonds and notes payable                     | 19,906                              | -                                       | 19,906       |
| Total current liabilities                   | 25,400                              | 4                                       | 25,404       |
| Bonds and notes payable                     | 109,371                             | -                                       | 109,371      |
| Total liabilities                           | 134,771                             | 4                                       | 134,775      |
| <b>Net Assets</b>                           |                                     |   |              |
| Without donor restrictions                  |                                     |   |              |
| General undesignated                        | 4,301                               | -                                       | 4,301        |
| Board designated                            | 263,738                             | -                                       | 263,738      |
| With donor restrictions                     | 207,935                             | 70,160                                  | 278,095      |
| Total net assets                            | 475,974                             | 70,160                                  | 546,134      |
| Total liabilities and<br>net assets         | \$ 610,745                          | \$ 70,164                               | \$ 680,909   |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidating Statement of Activities

Year Ended April 30, 2023

*(Dollars in thousands)*

|  | The Nelson Gallery Foundation    |                               |                     | The William Rockhill Nelson Trust |                               |                | Consolidated |
|--|----------------------------------|-------------------------------|---------------------|-----------------------------------|-------------------------------|----------------|--------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Foundation | Without<br>Donor<br>Restrictions  | With<br>Donor<br>Restrictions | Total<br>Trust |              |
|  |                                  |                               |                     |                                   |                               |                |              |
| <b>Support and Revenue</b>   |                                  |                               |                     |                                   |                               |                |              |
| Contributions  | \$ 4,693                         | \$ 5,780                      | \$ 10,473           | \$ -                              | \$ -                          | \$ -           | \$ 10,473    |
| Membership dues and fees   | 4,369                            | -                             | 4,369               | -                                 | -                             | -              | 4,369        |
| Admission fees   | 774                              | -                             | 774                 | -                                 | -                             | -              | 774          |
| Program fees, royalties and other  | 323                              | -                             | 323                 | -                                 | -                             | -              | 323          |
| Auxiliary activities   | 4,114                            | -                             | 4,114               | -                                 | -                             | -              | 4,114        |
| Program fees from The William Rockhill Nelson Trust  | 1,900                            | -                             | 1,900               | (1,900)                           | -                             | (1,900)        | -            |
| Net investment return designated for current use   | 13,652                           | 6,333                         | 19,985              | -                                 | (5)                           | (5)            | 19,980       |
| Net assets released from restrictions  |                                  |                               |                     |                                   |                               |                |              |
| Satisfaction of program restrictions   | 6,129                            | (6,129)                       | -                   | -                                 | -                             | -              | -            |
| Satisfaction of time restrictions  | 2,750                            | (2,750)                       | -                   | 1,900                             | (1,900)                       | -              | -            |
| Satisfaction of capital acquisition restrictions   | 158                              | (158)                         | -                   | -                                 | -                             | -              | -            |
|  | 38,862                           | 3,076                         | 41,938              | -                                 | (1,905)                       | (1,905)        | 40,033       |
| <b>Expenses</b>  |                                  |                               |                     |                                   |                               |                |              |
| Curators, design and conservation  | 6,518                            | -                             | 6,518               | -                                 | -                             | -              | 6,518        |
| Special exhibitions  | 1,634                            | -                             | 1,634               | -                                 | -                             | -              | 1,634        |
| Education and library  | 3,643                            | -                             | 3,643               | -                                 | -                             | -              | 3,643        |
| Administration   | 3,091                            | -                             | 3,091               | -                                 | -                             | -              | 3,091        |
| Operations and security  | 9,975                            | -                             | 9,975               | -                                 | -                             | -              | 9,975        |
| Auxiliary activities   | 3,325                            | -                             | 3,325               | -                                 | -                             | -              | 3,325        |
| Membership services  | 806                              | -                             | 806                 | -                                 | -                             | -              | 806          |
| Development and public information   | 2,460                            | -                             | 2,460               | -                                 | -                             | -              | 2,460        |
| Depreciation   | 8,024                            | -                             | 8,024               | -                                 | -                             | -              | 8,024        |
| Interest and debt issuance cost amortization   | 2,906                            | -                             | 2,906               | -                                 | -                             | -              | 2,906        |
|  | 42,382                           | -                             | 42,382              | -                                 | -                             | -              | 42,382       |
| <b>Change in Net Assets Before Other Items</b>   | (3,520)                          | 3,076                         | (444)               | -                                 | (1,905)                       | (1,905)        | (2,349)      |
| <b>Other Items</b>   |                                  |                               |                     |                                   |                               |                |              |
| Contributions for works of art / library volumes   | -                                | 127                           | 127                 | -                                 | -                             | -              | 127          |
| Cost of acquisition of art objects / library volumes   | -                                | (306)                         | (306)               | -                                 | (58)                          | (58)           | (364)        |
| Net investment return designated for art / library acquisitions  | -                                | 82                            | 82                  | -                                 | 808                           | 808            | 890          |
| Net investment return in excess of amounts designated<br>for current operations and art / library acquisitions | (9,071)                          | (3,181)                       | (12,252)            | -                                 | 884                           | 884            | (11,368)     |
| Change in value of trusts held by others   | -                                | (659)                         | (659)               | -                                 | 1,546                         | 1,546          | 887          |
|  | (12,591)                         | (861)                         | (13,452)            | -                                 | 1,275                         | 1,275          | (12,177)     |
| <b>Change in Net Assets</b>  | (12,591)                         | (861)                         | (13,452)            | -                                 | 1,275                         | 1,275          | (12,177)     |
| <b>Net Assets, Beginning of Year</b>   | 268,039                          | 207,935                       | 475,974             | -                                 | 70,160                        | 70,160         | 546,134      |
| <b>Net Assets, End of Year</b>   | \$ 255,448                       | \$ 207,074                    | \$ 462,522          | \$ -                              | \$ 71,435                     | \$ 71,435      | \$ 533,957   |

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidating Statement of Activities

Year Ended April 30, 2022

*(Dollars in thousands)*

|   | The Nelson Gallery Foundation    |                               |                     | The William Rockhill Nelson Trust |                               |                | Consolidated |
|---|----------------------------------|-------------------------------|---------------------|-----------------------------------|-------------------------------|----------------|--------------|
|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Foundation | Without<br>Donor<br>Restrictions  | With<br>Donor<br>Restrictions | Total<br>Trust |              |
| <b>Support and Revenue</b>  |                                  |                               |                     |                                   |                               |                |              |
| Contributions   | \$ 5,508                         | \$ 2,442                      | \$ 7,950            | \$ -                              | \$ -                          | \$ -           | \$ 7,950     |
| Membership dues and fees  | 4,015                            | -                             | 4,015               | -                                 | -                             | -              | 4,015        |
| Admission fees  | 574                              | -                             | 574                 | -                                 | -                             | -              | 574          |
| Program fees, royalties and other   | 3,117                            | -                             | 3,117               | -                                 | -                             | -              | 3,117        |
| Auxiliary activities  | 2,950                            | -                             | 2,950               | -                                 | -                             | -              | 2,950        |
| Program fees from The William Rockhill Nelson Trust   | 1,770                            | -                             | 1,770               | (1,770)                           | -                             | (1,770)        | -            |
| Net investment return designated for current use  | 11,693                           | 5,770                         | 17,463              | -                                 | (4)                           | (4)            | 17,459       |
| Forgiveness of PPP loan   | 3,152                            | -                             | 3,152               | -                                 | -                             | -              | 3,152        |
| Net assets released from restrictions   |                                  |                               |                     |                                   |                               |                |              |
| Satisfaction of program restrictions  | 2,636                            | (2,636)                       | -                   | -                                 | -                             | -              | -            |
| Satisfaction of time restrictions   | 535                              | (535)                         | -                   | 1,770                             | (1,770)                       | -              | -            |
| Satisfaction of capital acquisition restrictions  | 249                              | (249)                         | -                   | -                                 | -                             | -              | -            |
|   | 36,199                           | 4,792                         | 40,991              | -                                 | (1,774)                       | (1,774)        | 39,217       |
| <b>Expenses</b>   |                                  |                               |                     |                                   |                               |                |              |
| Curators, design and conservation   | 5,864                            | -                             | 5,864               | -                                 | -                             | -              | 5,864        |
| Special exhibitions   | 889                              | -                             | 889                 | -                                 | -                             | -              | 889          |
| Education and library   | 2,971                            | -                             | 2,971               | -                                 | -                             | -              | 2,971        |
| Administration  | 2,966                            | -                             | 2,966               | -                                 | -                             | -              | 2,966        |
| Operations and security   | 8,571                            | -                             | 8,571               | -                                 | -                             | -              | 8,571        |
| Auxiliary activities  | 2,435                            | -                             | 2,435               | -                                 | -                             | -              | 2,435        |
| Membership services   | 709                              | -                             | 709                 | -                                 | -                             | -              | 709          |
| Development and public information  | 2,112                            | -                             | 2,112               | -                                 | -                             | -              | 2,112        |
| Depreciation  | 7,999                            | -                             | 7,999               | -                                 | -                             | -              | 7,999        |
| Interest and debt issuance cost amortization  | 881                              | -                             | 881                 | -                                 | -                             | -              | 881          |
|   | 35,397                           | -                             | 35,397              | -                                 | -                             | -              | 35,397       |
| <b>Change in Net Assets Before Other Items</b>  | 802                              | 4,792                         | 5,594               | -                                 | (1,774)                       | (1,774)        | 3,820        |
| <b>Other Items</b>  |                                  |                               |                     |                                   |                               |                |              |
| Contributions for works of art / library volumes  | -                                | 190                           | 190                 | -                                 | -                             | -              | 190          |
| Cost of acquisition of art objects / library volumes  | -                                | (580)                         | (580)               | -                                 | (328)                         | (328)          | (908)        |
| Net investment return designated for art / library acquisitions   | -                                | 220                           | 220                 | -                                 | 659                           | 659            | 879          |
| Net investment return in excess of amounts designated for current operations and art / library acquisitions | (14,284)                         | (7,558)                       | (21,842)            | -                                 | (515)                         | (515)          | (22,357)     |
| Change in value of trusts held by others  | -                                | (360)                         | (360)               | -                                 | (688)                         | (688)          | (1,048)      |
|   | (13,482)                         | (3,296)                       | (16,778)            | -                                 | (2,646)                       | (2,646)        | (19,424)     |
| <b>Change in Net Assets</b>   | (13,482)                         | (3,296)                       | (16,778)            | -                                 | (2,646)                       | (2,646)        | (19,424)     |
| <b>Net Assets, Beginning of Year</b>  | 281,521                          | 211,231                       | 492,752             | -                                 | 72,806                        | 72,806         | 565,558      |
| <b>Net Assets, End of Year</b>  | \$ 268,039                       | \$ 207,935                    | \$ 475,974          | \$ -                              | \$ 70,160                     | \$ 70,160      | \$ 546,134   |