




The Nelson Gallery Foundation and The William Rockhill Nelson Trust

**Independent Auditor's Report, Consolidated Financial
Statements, and Consolidating Supplementary
Schedules**

April 30, 2024 and 2023



**The Nelson Gallery Foundation and
The William Rockhill Nelson Trust**
April 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 Mazars, LLP

Kansas City, Missouri
October 17, 2024

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

Consolidated Statements of Financial Position

April 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Assets		
Current assets		
Cash	\$ 5,926	\$ 5,716
Short-term investments	10,304	8,333
Accounts receivable	117	139
Contributions receivable, at fair value	9,906	9,064
Bookstore inventory and prepaid expenses	240	199
Total current assets	26,493	23,451
Investments, pooled	384,991	368,376
Investments, outside pool	3,321	7,616
Contributions receivable, at fair value	50,818	49,941
Property and equipment, net	168,869	175,422
Trusts held by others	41,545	38,309
Total assets	\$ 676,037	\$ 663,115
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,942	\$ 3,657
Bond interest payable	432	431
Bonds and notes payable	20,100	19,959
Total current liabilities	25,474	24,047
Bonds and notes payable	100,711	105,111
Total liabilities	126,185	129,158
Net Assets		
Without donor restrictions		
General undesignated	10,083	4,423
Board designated	256,812	251,025
With donor restrictions	282,957	278,509
Total net assets	549,852	533,957
Total liabilities and net assets	\$ 676,037	\$ 663,115

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Consolidated Statements of Activities

Years Ended April 30, 2024 and 2023

(Dollars in thousands)

	April 30, 2024			April 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 7,608	\$ 4,638	\$ 12,246	\$ 4,693	\$ 5,780	\$ 10,473
Membership dues and fees	4,474	-	4,474	4,369	-	4,369
Admission fees	822	-	822	774	-	774
Program fees, royalties and other	1,529	-	1,529	323	-	323
Auxiliary activities	4,520	-	4,520	4,114	-	4,114
Net investment return designated for current use	18,555	6,383	24,938	13,652	6,328	19,980
Net assets released from restrictions						
Satisfaction of program restrictions	9,698	(9,698)	-	6,129	(6,129)	-
Satisfaction of time restrictions	2,548	(2,548)	-	4,650	(4,650)	-
Satisfaction of capital acquisition restrictions	-	-	-	158	(158)	-
Total support and revenue	<u>49,754</u>	<u>(1,225)</u>	<u>48,529</u>	<u>38,862</u>	<u>1,171</u>	<u>40,033</u>
Expenses						
Curators, design and conservation	8,102	-	8,102	6,518	-	6,518
Special exhibitions	2,398	-	2,398	1,634	-	1,634
Learning and engagement	3,852	-	3,852	3,643	-	3,643
Administration	4,055	-	4,055	3,091	-	3,091
Operations and security	10,317	-	10,317	9,975	-	9,975
Auxiliary activities	3,621	-	3,621	3,325	-	3,325
Membership services	1,218	-	1,218	806	-	806
Development and public information	3,051	-	3,051	2,460	-	2,460
Depreciation	8,104	-	8,104	8,024	-	8,024
Interest and other bond related expenses	5,086	-	5,086	2,906	-	2,906
Total expenses	<u>49,804</u>	<u>-</u>	<u>49,804</u>	<u>42,382</u>	<u>-</u>	<u>42,382</u>
Change in Net Assets Before Other Items	(50)	(1,225)	(1,275)	(3,520)	1,171	(2,349)
Other Items						
Contributions for works of art / library volumes	-	2,018	2,018	-	127	127
Cost of acquisition of art objects / library volumes	-	(1,953)	(1,953)	-	(364)	(364)
Net investment return designated for art / library acquisitions	-	692	692	-	890	890
Net investment return in deficit of amounts designated for current operations and art / library acquisitions	11,497	1,762	13,259	(9,071)	(2,297)	(11,368)
Change in value of trusts held by others	-	3,154	3,154	-	887	887
Change in Net Assets	11,447	4,448	15,895	(12,591)	414	(12,177)
Net Assets, Beginning of Year	<u>255,448</u>	<u>278,509</u>	<u>533,957</u>	<u>268,039</u>	<u>278,095</u>	<u>546,134</u>
Net Assets, End of Year	<u>\$ 266,895</u>	<u>\$ 282,957</u>	<u>\$ 549,852</u>	<u>\$ 255,448</u>	<u>\$ 278,509</u>	<u>\$ 533,957</u>

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Consolidated Statements of Cash Flows

Years Ended April 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Operating Activities		
Change in net assets	\$ 15,895	\$ (12,177)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	8,005	7,857
Net realized and unrealized gains on investments	(36,568)	(7,895)
Change in value of trusts held by others	(3,154)	(887)
Contributions of trusts held by others	(82)	-
Change in net assets due to acquisitions and dispositions of art and library collections	1,953	364
Contributions and investment income received restricted for Long-term investment	-	(100)
Acquisition of art collections	(2,018)	(127)
Changes in		
Accounts and other receivables	22	45
Contributions receivables	(1,899)	1,993
Bookstore inventory and prepaid expenses	(41)	12
Accounts payable and accrued liabilities	1,286	(1,364)
	(16,601)	(12,279)
Net cash used in operating activities		
Investing Activities		
Purchase of investments	(122,737)	(47,532)
Proceeds from sale of investments	145,014	64,096
Purchase of property and equipment	(1,551)	(947)
Purchase of art and library collections	(1,953)	(364)
	18,773	15,253
Net cash provided by investing activities		
Financing Activities		
Contributions and investment income received restricted for		
Long-term investment	180	130
Acquisition of long-lived assets	-	1,000
Acquisition of art collections	2,018	127
Principal payments on bonds and notes payable	(4,160)	(4,040)
	(1,962)	(2,783)
Net cash used in financing activities		
Change in Cash	210	191
Cash, Beginning of Year	5,716	5,525
Cash, End of Year	\$ 5,926	\$ 5,716
Supplemental Disclosure of Cash Flows Information		
Cash paid for interest	\$ 4,188	\$ 2,470

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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, 2024 and 2023, the Trust provided \$1,941 and \$1,900, 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, 2024 and 2023

(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, 2024 and 2023.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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, 2024 and 2023, the museum received distributions of \$1,138 and \$1,397, 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:

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

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

Nature of the Gift	Value Recognized
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 36,664 and 32,582 (unaudited) hours of contributed time during the years ended April 30, 2024 and 2023, 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, 2024 and 2023

(Dollars in thousands)

The museum maintains comprehensive fine arts collections of approximately 44,028 and 43,180 (unaudited) pieces for the years ended April 30, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023.

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

Subsequent Events

Subsequent events have been evaluated through October 17, 2024, 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, 2024 and 2023

(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 2.6% to 4.7% and 2.3% to 8% as of April 30, 2024 and 2023, respectively:

	2024	2023
Due within one year	\$ 4,206	\$ 3,364
Due in one to five years	7,197	6,378
Due in more than five years	60,278	61,561
	71,681	71,303
Less		
Allowance for uncollectible contributions	(505)	(505)
Unamortized discount	(10,452)	(11,793)
	\$ 60,724	\$ 59,005

Bequests and other commitments amounting to approximately \$29,900 and \$30,900 at April 30, 2024 and 2023, 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 of April 30, 2024 and 2023.

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 ended April 30, 2024 and 2023.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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, 2024 and 2023:

	2024				
	Fair Value	Fair Value Measurements Using			Investments Measured at NAV (A)
		Level 1	Level 2	Level 3	
Short-term investments					
Money market funds	\$ 10,304	\$ 10,304	\$ -	\$ -	\$ -
Long-term investments					
Cash equivalents	135	135	-	-	-
Domestic equity securities	4,733	4,733	-	-	-
International equity securities	29	29	-	-	-
Fixed income mutual funds	3,356	3,356	-	-	-
U.S. government and agency obligations	15,319	-	15,319	-	-
Corporate bonds	21,773	-	21,773	-	-
Common trust funds - U.S. fixed income strategies	11,462	-	-	-	11,462
Common trust funds - U.S. equity strategies	123,415	-	-	-	123,415
Common trust funds - international strategies	18,394	-	-	-	18,394
Alternative investments	189,696	-	-	-	189,696
Total long-term investments	388,312	8,253	37,092	-	342,967
Contributions receivable	60,724	-	60,724	-	-
Trusts held by others	41,545	-	-	41,545	-
	<u>\$ 500,885</u>	<u>\$ 18,557</u>	<u>\$ 97,816</u>	<u>\$ 41,545</u>	<u>\$ 342,967</u>

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

	2023				
	Fair Value	Fair Value Measurements Using			Investments Measured at NAV (A)
		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	<u>375,992</u>	<u>13,729</u>	<u>27,016</u>	<u>-</u>	<u>335,247</u>
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>

(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, 2024. 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, 2024 and 2023

(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, 2024 and 2023:

	Fair Value 4/30/2024	Fair Value 4/30/2023	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Trusts held by others	\$ 41,545	\$ 38,309	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	N/A

The change in fair value of trusts held by others for the years ended April 30, 2024 and 2023, was \$3,154 and \$892, respectively.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

Long-term Investments at Net Asset Value

At April 30, 2024 and 2023, 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 Frequency	Redemption Notice Period
	2024	2023	2024	2023		
Common trust fund - U.S. fixed income strategies (A)	\$ 11,462	\$ 7,628	N/A	N/A	Semi-Monthly	5 days
Common trust fund - U.S. equity strategies (A)	123,415	109,104	N/A	N/A	Daily	2 days
Common trust funds - international strategies (A)	18,394	16,810	N/A	N/A	Daily/Monthly	1 - 30 days
Global equity marketable partnerships and funds (B)	54,561	72,818	N/A	N/A	Monthly/Semi- Monthly	5 - 30 days
Multi-strategy hedge funds (C)	13,458	9,939	N/A	N/A	Monthly	1 day
Multi-strategy hedge funds (C)	59,009	66,461	N/A	N/A	Non- redeemable/ Limited	None/Quarterly/ Semi-Annually/ Annually
Private equity funds (D)	62,153	51,906	\$ 47,454	\$ 40,862	Non-redeemable	None
Distressed opportunity funds (E)	515	581	2,215	2,215	Non-redeemable	None
	\$ 342,967	\$ 335,247	\$ 49,669	\$ 43,077		

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Notes to Consolidated Financial Statements

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(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 10% and 4% as of April 30, 2024 and 2023, respectively, in this category are designated as illiquid. Investments representing approximately 72% and 79% as of April 30, 2024 and 2023, respectively, in this category may be redeemed on a limited basis quarterly, semi-annually or annually. The remaining value of investments may be redeemed on a monthly basis.
- (D) Private equity funds are structured as closed-end, commitment-based investment funds where the museum commits a specified amount of capital upon inception of the fund (*i.e.*, committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit commitments by new or existing investors.
- (E) Distressed opportunity funds invest in direct and indirect investments in privately and publicly issued debt securities and privately issued equity securities of companies that are currently experiencing financial and/or operational distress. This fund will liquidate one year after the date by which all investments have been liquidated and all obligations have been terminated.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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, 2024 and 2023

(Dollars in thousands)

The table below presents financial assets available for general expenditures within one year at April 30, 2024 and 2023 (in thousands):

	2024	2023
Cash	\$ 5,926	\$ 5,716
Short-term investments	10,304	8,333
Accounts receivable	117	139
Contributions receivable, at fair value	60,724	59,005
Investments	388,312	375,992
Trusts held by others	41,545	38,309
	506,928	487,494
Total financial assets		
Investments held in non-custodial trusts	41,545	38,309
Contributions receivable due after one year	50,818	49,941
Contributions receivable due within one year for debt service	5,700	5,700
Investments held for board designated Capital/Program reserve fund	61,372	53,241
Investments held for endowments	137,269	135,456
Investments held for quasi-endowments	134,794	136,726
	431,498	419,373
Financial assets not available to be used within one year		
Financial assets available to meet cash needs for general expenditures within one year	\$ 75,430	\$ 68,121

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, 2024 and 2023, restricted contributions and restricted investment returns which have been appropriated in accordance with the museum's spending policy, but not yet spent, of \$47,405 and \$48,026, 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, 2024 and 2023

(Dollars in thousands)

Note 5: Property and Equipment

Property and equipment at April 30 consisted of:

	2024	2023
Land	\$ 10,235	\$ 10,235
Buildings and improvements	291,041	290,432
Furniture, fixtures and equipment	2,158	1,644
Construction-in-progress	563	152
	303,997	302,463
Less accumulated depreciation	(135,128)	(127,041)
	\$ 168,869	\$ 175,422

Note 6: Bonds and Notes Payable

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

	2024	2023
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)	4,370	8,530
	121,370	125,530
Add unamortized premium	95	265
Less unamortized debt issuance costs	(654)	(725)
Less current maturities of bonds and notes payable, net	(20,100)	(19,959)
	\$ 100,711	\$ 105,111

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, 2024 and 2023

(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 0.50% to 4.75% and 0.28% to 4.23% during fiscal years 2024 and 2023, 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 of 5% during fiscal year 2024 and a range of 3%-5% during fiscal year 2023.

- (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 December 1, 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, 2024 and 2023, 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, 2024 and 2023

(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 \$30 at April 30, 2024 are:

2025	\$	4,370
2026		-
2027		-
2028		-
2029		-
Thereafter		<u>117,000</u>
	\$	<u><u>121,370</u></u>

Total interest expense included in the consolidated statements of activities was \$4,189 and \$2,983 for the years ended April 30, 2024 and 2023, respectively.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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:

	2024	2023
Subject to expenditure for specified purpose		
Art acquisition	\$ 11,164	\$ 10,263
Curators and collections management		
Curatorial programs and galleries	18,708	17,971
Publications	311	262
Special exhibitions	2,333	2,189
Learning and engagement and library	3,614	4,407
Conservation science	541	1,414
Technology initiative	495	767
Building, equipment and other	353	680
Contributions receivable, the proceeds from which have been restricted by donors for		
Art acquisition	200	190
Curators and collections management	2,868	883
Publications	98	166
Learning and engagement and library	143	185
Conservation science	177	-
Multiple program activities	-	193
Building, equipment and other	57,000	57,000
	98,005	96,570
Subject to the passage of time		
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until received, included within the board-designated Capital/ Programs fund	238	388
	238	388
Subject to endowment spending policy and appropriation		
Curators and collections management		
Curatorial programs and galleries	40,055	40,255
Publications	1,599	1,605
Special exhibitions	8,202	8,222
Learning and engagement and library	14,981	14,918
Conservation science	2,103	2,116
Art acquisition	9,646	9,238
Multiple program activities	20,274	20,330
General operations	46,309	46,558
Total endowments subject to spending policy	143,169	143,242
Not subject to endowment spending policy or appropriation		
Trusts held by others	41,545	38,309
Total net assets with donor restrictions	\$ 282,957	\$ 278,509

**The Nelson Gallery Foundation and
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Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(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.

	2024	2023
Expiration of time restrictions	\$ 607	\$ 2,175
Satisfaction of purpose restrictions		
Curators and collections management		
Curatorial programs and galleries	3,395	2,694
Publications	105	192
Special exhibitions	338	544
Learning and engagement and library	1,267	487
Conservation science	397	175
Technology initiative	272	96
Building, equipment and other	671	158
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	957	705
Publications	69	-
Special exhibitions	1,185	-
Learning and engagement and library	961	451
Conservation science	81	128
Time release of funds appropriated in accordance with spending policy		
General operations	1,941	2,475
	\$ 12,246	\$ 10,937

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

Net Assets Without Donor Restrictions

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

	2024	2023
Undesignated	\$ 10,083	\$ 4,423
Board designated endowment supporting operations	144,507	146,058
Board designated capital/program fund	68,300	60,282
Invested in property and equipment inclusive of gains on prior sales, net of related debt	44,005	44,685
Total net assets without donor restrictions	\$ 266,895	\$ 255,448

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, 2024 and 2023

(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 Restrictions	With Donor Restrictions	Total
April 30, 2024			
Board-designated funds	\$ 144,507	\$ -	\$ 144,507
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	103,402	103,402
Accumulated investment gains	-	39,767	39,767
Total endowment funds	\$ 144,507	\$ 143,169	\$ 287,676
April 30, 2023			
Board-designated funds	\$ 146,058	\$ -	\$ 146,058
Donor-restricted funds			
Original donor-restricted gift amount and amounts 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

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 146,058	\$ 143,242	\$ 289,300
Net investment return	6,402	7,325	13,727
Contributions	8	164	172
Appropriation of endowment assets for expenditure	(7,961)	(7,562)	(15,523)
Endowment net assets, end of year	\$ 144,507	\$ 143,169	\$ 287,676
	2023		
	Without Donor Restrictions	With Donor 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

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, 2024 and 2023

(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. The spending policy includes 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, 2024 and 2023, funds with original gift values of \$23,055 and \$23,973; fair values of \$21,631 and \$22,687; and deficiencies of \$1,424 and \$1,286, 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, 2024 and 2023

(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, 2024 and 2023. 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, 2024	Program Services				Support Services				Total
	Curatorial	Education	Exhibitions	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries and benefits	\$ 7,414	\$ 5,035	\$ 2,431	\$ 14,880	\$ 2,822	\$ 2,789	\$ 5,611	\$ 20,491	
Professional fees and services	1,509	1,374	1,661	4,544	794	1,133	1,927	6,471	
Occupancy	969	849	849	2,667	664	225	889	3,556	
Equipment and supplies	516	650	1,338	2,504	264	694	958	3,462	
Advertising	58	77	364	499	37	87	124	623	
Travel and events	151	98	61	310	63	93	156	466	
Insurance	172	16	22	210	11	7	18	228	
Costs of goods sold	310	327	310	947	27	96	123	1,070	
Interest	1,177	1,177	1,177	3,531	620	358	978	4,509	
Depreciation	2,045	2,045	2,045	6,135	1,396	573	1,969	8,104	
Other	132	147	68	347	344	133	477	824	
	<u>\$ 14,453</u>	<u>\$ 11,795</u>	<u>\$ 10,326</u>	<u>\$ 36,574</u>	<u>\$ 7,042</u>	<u>\$ 6,188</u>	<u>\$ 13,230</u>	<u>\$ 49,804</u>	

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>	

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 \$819 and \$714 for the years ended April 30, 2024 and 2023, respectively.

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Dollars in thousands)

Note 11: Related Party Transactions

The museum received \$1,828 and \$900 of contribution revenue from board trustees for the years ended April 30, 2024 and 2023, respectively.

Note 12: 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, 2024 and 2023, the museum's cash accounts exceeded federally insured limits by \$5,452 and \$5,459, respectively.

Contributions Receivable

Approximately 94% and 97% of all contributions receivable were from one donor in 2024 and 2023, 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 32% and 24% of all contributions were from one donor in 2024 and 2023, 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, 2024

(Dollars in thousands)

	The Nelson Gallery Foundation	The William Rockhill Nelson Trust	Consolidated
Assets			
Current assets			
Cash	\$ 3,426	\$ 2,500	\$ 5,926
Short-term investments	5,146	5,158	10,304
Accounts receivable	117	-	117
Contributions receivable, at fair value	9,906	-	9,906
Bookstore inventory and prepaid expenses	240	-	240
Total current assets	18,835	7,658	26,493
Investments, pooled	347,519	37,472	384,991
Investments, outside pool	3,321	-	3,321
Contributions receivable, at fair value	50,818	-	50,818
Property and equipment, net	168,839	30	168,869
Trusts held by others	12,342	29,203	41,545
Total assets	<u>\$ 601,674</u>	<u>\$ 74,363</u>	<u>\$ 676,037</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	\$ 4,938	\$ 4	\$ 4,942
Bond interest payable	432	-	432
Bonds and notes payable	20,100	-	20,100
Total current liabilities	25,470	4	25,474
Bonds and notes payable	100,711	-	100,711
Total liabilities	<u>126,181</u>	<u>4</u>	<u>126,185</u>
Net Assets			
Without donor restrictions			
General undesignated	10,083	-	10,083
Board designated	256,812	-	256,812
With donor restrictions	208,598	74,359	282,957
Total net assets	<u>475,493</u>	<u>74,359</u>	<u>549,852</u>
Total liabilities and net assets	<u>\$ 601,674</u>	<u>\$ 74,363</u>	<u>\$ 676,037</u>

The Nelson Gallery Foundation and The William Rockhill Nelson Trust

Consolidating Statement of Financial Position

April 30, 2023

(Dollars in thousands)

	The Nelson Gallery Foundation	The William Rockhill Nelson Trust	Consolidated
Assets			
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 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>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and 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>
Net Assets			
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 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 Activities

Year Ended April 30, 2024

(Dollars in thousands)

	The Nelson Gallery Foundation			The William Rockhill Nelson Trust			Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total Foundation	Without Donor Restrictions	With Donor Restrictions	Total Trust	
Support and Revenue							
Contributions	\$ 7,608	\$ 4,638	\$ 12,246	\$ -	\$ -	\$ -	\$ 12,246
Membership dues and fees	4,474	-	4,474	-	-	-	4,474
Admission fees	822	-	822	-	-	-	822
Program fees, royalties and other	1,529	-	1,529	-	-	-	1,529
Auxiliary activities	4,520	-	4,520	-	-	-	4,520
Program fees from The William Rockhill Nelson Trust	1,941	-	1,941	(1,941)	-	(1,941)	-
Net investment return designated for current use	18,555	6,388	24,943	-	(5)	(5)	24,938
Net assets released from restrictions							
Satisfaction of program restrictions	9,698	(9,698)	-	-	-	-	-
Satisfaction of time restrictions	607	(607)	-	1,941	(1,941)	-	-
	49,754	721	50,475	-	(1,946)	(1,946)	48,529
Expenses							
Curators, design and conservation	8,102	-	8,102	-	-	-	8,102
Special exhibitions	2,398	-	2,398	-	-	-	2,398
Learning and engagement	3,852	-	3,852	-	-	-	3,852
Administration	4,055	-	4,055	-	-	-	4,055
Operations and security	10,317	-	10,317	-	-	-	10,317
Auxiliary activities	3,621	-	3,621	-	-	-	3,621
Membership services	1,218	-	1,218	-	-	-	1,218
Development and public information	3,051	-	3,051	-	-	-	3,051
Depreciation	8,104	-	8,104	-	-	-	8,104
Interest and other bond related expenses	5,086	-	5,086	-	-	-	5,086
	49,804	-	49,804	-	-	-	49,804
Change in Net Assets Before Other Items	(50)	721	671	-	(1,946)	(1,946)	(1,275)
Other Items							
Contributions for works of art / library volumes	-	2,018	2,018	-	-	-	2,018
Cost of acquisition of art objects / library volumes	-	(1,689)	(1,689)	-	(264)	(264)	(1,953)
Net investment return designated for art / library acquisitions	-	-	-	-	692	692	692
Net investment return in excess of amounts designated for current operations and art / library acquisitions	11,497	(168)	11,329	-	1,930	1,930	13,259
Change in value of trusts held by others	-	642	642	-	2,512	2,512	3,154
	11,447	1,524	12,971	-	2,924	2,924	15,895
Change in Net Assets							
Net Assets, Beginning of Year	255,448	207,074	462,522	-	71,435	71,435	533,957
Net Assets, End of Year	\$ 266,895	\$ 208,598	\$ 475,493	\$ -	\$ 74,359	\$ 74,359	\$ 549,852

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 Donor Restrictions	With Donor Restrictions	Total Foundation	Without Donor Restrictions	With Donor Restrictions	Total Trust	
Support and Revenue							
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)	-	-	-	-	-
Total support and revenue	38,862	3,076	41,938	-	(1,905)	(1,905)	40,033
Expenses							
Curators, design and conservation	6,518	-	6,518	-	-	-	6,518
Special exhibitions	1,634	-	1,634	-	-	-	1,634
Learning and engagement	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 other bond related expenses	2,906	-	2,906	-	-	-	2,906
Total expenses	42,382	-	42,382	-	-	-	42,382
Change in Net Assets Before Other Items	(3,520)	3,076	(444)	-	(1,905)	(1,905)	(2,349)
Other Items							
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 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
Change in Net Assets	(12,591)	(861)	(13,452)	-	1,275	1,275	(12,177)
Net Assets, Beginning of Year	268,039	207,935	475,974	-	70,160	70,160	546,134
Net Assets, End of Year	\$ 255,448	\$ 207,074	\$ 462,522	\$ -	\$ 71,435	\$ 71,435	\$ 533,957