




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

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

April 30, 2025 and 2024



**The Nelson Gallery Foundation and  
The William Rockhill Nelson Trust**  
April 30, 2025 and 2024

**Contents**

<b>Independent Auditor's Report .....</b>	<b>1</b>
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**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, 2025.....	31
Consolidating Statement of Financial Position as of April 30, 2024.....	32
Consolidating Statement of Activities, Year Ended April 30, 2025 .....	33
Consolidating Statement of Activities, Year Ended April 30, 2024 .....	34

## 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, 2025 and 2024, 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, 2025 and 2024, 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.

### ***Supplementary 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  
September 26, 2025**

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidated Statements of Financial Position

April 30, 2025 and 2024

*(Dollars in thousands)*

	2025	2024
<b>Assets</b>		
Current assets		
Cash	\$ 5,255	\$ 5,926
Short-term investments	6,287	10,304
Accounts receivable	267	117
Contributions receivable, at fair value	8,818	9,906
Bookstore inventory and prepaid expenses	297	240
	<hr/>	<hr/>
Total current assets	20,924	26,493
Investments, pooled	420,993	384,991
Investments, outside pool	-	3,321
Contributions receivable, at fair value	39,235	50,818
Property and equipment, net	161,615	168,869
Trusts held by others	51,369	41,545
Other assets	672	-
	<hr/>	<hr/>
Total assets	<u><u>\$ 694,808</u></u>	<u><u>\$ 676,037</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,782	\$ 4,942
Bond interest payable	312	432
Bonds and notes payable	14,448	20,100
	<hr/>	<hr/>
Total current liabilities	19,542	25,474
Bonds and notes payable	89,963	100,711
	<hr/>	<hr/>
Total liabilities	109,505	126,185
	<hr/>	<hr/>
<b>Net Assets</b>		
Without donor restrictions		
General undesignated	10,083	10,083
Board designated	266,597	256,812
With donor restrictions	308,623	282,957
	<hr/>	<hr/>
Total net assets	585,303	549,852
	<hr/>	<hr/>
Total liabilities and net assets	<u><u>\$ 694,808</u></u>	<u><u>\$ 676,037</u></u>

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidated Statements of Activities

Years Ended April 30, 2025 and 2024

*(Dollars in thousands)*

	April 30, 2025			April 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions	\$ 8,246	\$ 8,965	\$ 17,211	\$ 7,608	\$ 4,638	\$ 12,246
Membership dues and fees	4,888	-	4,888	4,474	-	4,474
Admission fees	897	-	897	822	-	822
Program fees, royalties and other	300	-	300	1,529	-	1,529
Auxiliary activities	5,844	-	5,844	4,520	-	4,520
Net investment return designated for current use	14,172	6,460	20,632	18,555	6,383	24,938
Net assets released from restrictions						
Satisfaction of program restrictions	12,352	(12,352)	-	9,698	(9,698)	-
Satisfaction of time restrictions	2,486	(2,486)	-	2,548	(2,548)	-
Satisfaction of capital acquisition and debt payment restrictions	12,000	(12,000)	-	-	-	-
Total support and revenue	61,185	(11,413)	49,772	49,754	(1,225)	48,529
<b>Expenses</b>						
Curators, design and conservation	8,577	-	8,577	8,102	-	8,102
Special exhibitions	2,108	-	2,108	2,398	-	2,398
Learning and engagement	4,380	-	4,380	3,852	-	3,852
Administration	5,330	-	5,330	4,055	-	4,055
Operations and security	10,673	-	10,673	10,317	-	10,317
Auxiliary activities	4,495	-	4,495	3,621	-	3,621
Membership services	1,203	-	1,203	1,218	-	1,218
Development and public information	3,145	-	3,145	3,051	-	3,051
Depreciation	8,221	-	8,221	8,104	-	8,104
Interest and other bond related expenses	3,787	-	3,787	5,086	-	5,086
Total expenses	51,919	-	51,919	49,804	-	49,804
<b>Change in Net Assets Before Other Items</b>	9,266	(11,413)	(2,147)	(50)	(1,225)	(1,275)
<b>Other Items</b>						
Proceeds from sale of works of art / library volumes	-	14,000	14,000	-	-	-
Contributions for works of art / library volumes	-	990	990	-	2,018	2,018
Net assets released to fund works of art / library volumes	5,019	(5,019)	-	1,953	(1,953)	-
Cost of acquisition of works of art / library volumes	(5,019)	-	(5,019)	(1,953)	-	(1,953)
Net investment return designated for art / library acquisitions	-	756	756	-	692	692
Net investment return in excess of amounts designated for current operations and art / library acquisitions	519	21,277	21,796	11,497	1,762	13,259
Change in value of trusts held by others	-	5,075	5,075	-	3,154	3,154
<b>Change in Net Assets</b>	9,785	25,666	35,451	11,447	4,448	15,895
<b>Net Assets, Beginning of Year</b>	266,895	282,957	549,852	255,448	278,509	533,957
<b>Net Assets, End of Year</b>	<u>\$ 276,680</u>	<u>\$ 308,623</u>	<u>\$ 585,303</u>	<u>\$ 266,895</u>	<u>\$ 282,957</u>	<u>\$ 549,852</u>

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Consolidated Statements of Cash Flows

Years Ended April 30, 2025 and 2024

*(Dollars in thousands)*

	2025	2024
<b>Operating Activities</b>		
Change in net assets	\$ 35,451	\$ 15,895
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	8,221	8,005
Net realized and unrealized gains on investments	(40,632)	(36,568)
Change in value of trusts held by others	(5,075)	(3,154)
Contributions of trusts held by others	(4,749)	(82)
Purchases for acquisitions of art and library collections	5,019	1,953
Proceeds from sale of art and library collections	(14,000)	-
Contributions and investment income received restricted for		
Acquisition of art collections	(990)	(2,018)
Changes in		
Accounts receivables and other assets	(822)	22
Contributions receivables	491	(1,899)
Bookstore inventory and prepaid expenses	(57)	(41)
Accounts payable and accrued liabilities	(280)	1,286
Net cash used in operating activities	<u>(17,423)</u>	<u>(16,601)</u>
<b>Investing Activities</b>		
Purchase of investments	(122,047)	(122,737)
Proceeds from sale of investments	134,015	145,014
Purchase of property and equipment	(967)	(1,551)
Purchase of art and library collections	(5,019)	(1,953)
Proceeds from sale of art and library collections	<u>14,000</u>	<u>-</u>
Net cash provided by investing activities	<u>19,982</u>	<u>18,773</u>
<b>Financing Activities</b>		
Contributions and investment income received restricted for		
Long-term investment	180	180
Acquisition of long-lived assets or payment of debt	12,000	-
Acquisition of art collections	990	2,018
Principal payments on bonds and notes payable	<u>(16,400)</u>	<u>(4,160)</u>
Net cash used in financing activities	<u>(3,230)</u>	<u>(1,962)</u>
<b>Change in Cash</b>	(671)	210
<b>Cash, Beginning of Year</b>	<u>5,926</u>	<u>5,716</u>
<b>Cash, End of Year</b>	<u><u>\$ 5,255</u></u>	<u><u>\$ 5,926</u></u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Cash paid for interest	\$ 3,580	\$ 4,188

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(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, 2025 and 2024, the Trust provided \$1,914 and \$1,941, 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, 2025 and 2024**

*(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, 2025 and 2024.

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(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, 2025 and 2024, the museum received distributions of \$1,285 and \$1,138, 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, 2025 and 2024**

*(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 42,503 and 36,664 (unaudited) hours of contributed time during the years ended April 30, 2025 and 2024, 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.

### ***Auxiliary Revenue***

Auxiliary revenue generally consists of various museum store, food and beverage, and miscellaneous sales along with event rentals. Auxiliary revenue is recognized as the museum satisfies performance obligations under its contracts which is generally at a point in time upon transfer of control of the related good to the customer. Auxiliary revenue is reported at the estimated transaction price or amount that reflects the consideration to which the museum expects to be entitled in exchange for providing goods. The museum determines the transaction price based on standard charges for goods provided, reduced by implicit and explicit price concessions. The museum determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies and historical experience. The museum has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by line of business that provided the good.

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(Dollars in thousands)*

### ***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 for acquisitions of new collections items.

The museum maintains comprehensive fine arts collections of approximately 44,100 and 44,000 (unaudited) pieces for the years ended April 30, 2025 and 2024, 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, 2025 and 2024, 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. The museum was a partial owner in one object that was required to be deaccessioned in 2025, due to the death of another partial owner and the terms of the original gift. This object was sold at auction. There are no other instances of partial ownership within the collection of the museum. No collection items were given away, destroyed, lost or stolen during the years ended April 30, 2025 and 2024.

### ***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

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(Dollars in thousands)*

**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 September 26, 2025, which is the date the consolidated financial statements were issued.

### ***Revisions***

Certain immaterial revisions have been made to the 2024 consolidated financial statements to properly present release from restrictions for the cost of acquisition of works of art and present this as a corresponding expense in without donor restrictions as opposed to with donor restrictions. These revisions did not have a significant impact on the financial statement line items impacted.

### **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 2.5% to 3.7% and 2.6% to 4.7% as of April 30, 2025 and 2024, respectively:

	2025	2024
Due within one year	\$ 4,318	\$ 4,206
Due in one to five years	4,482	7,197
Due in more than five years	47,471	60,278
	<u>56,271</u>	<u>71,681</u>
Less		
Allowance for uncollectible contributions	(300)	(505)
Unamortized discount	<u>(7,918)</u>	<u>(10,452)</u>
	<u><u>\$ 48,053</u></u>	<u><u>\$ 60,724</u></u>

Bequests and other commitments amounting to approximately \$27,800 and \$29,900 at April 30, 2025 and 2024, 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

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(Dollars in thousands)*

contributions equal to the amount due. Therefore, \$4,500 and \$5,700 is classified as a current asset on the consolidated statements of financial position as of April 30, 2025 and 2024, respectively. During the year ended April 30, 2025, the donor made an advance payment on the receivable of \$12,000 which was utilized to make an advance payment on the Series 2004A tax-exempt bonds.

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, 2025 and 2024.

### 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, 2025 and 2024:

	2025					
	Fair Value Measurements Using				Investments Measured at NAV (A)	
	Fair Value	Level 1	Level 2	Level 3		
Short-term investments						
Money market funds	\$ 6,287	\$ 6,287	\$ -	\$ -	\$ -	
Long-term investments						
Alternative investments	420,993	-	-	-	420,993	
Contributions receivable	48,053	-	48,053	-	-	
Trusts held by others	51,369	-	-	51,369	-	
	<u>\$ 526,702</u>	<u>\$ 6,287</u>	<u>\$ 48,053</u>	<u>\$ 51,369</u>	<u>\$ 420,993</u>	

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(Dollars in thousands)*

	2024				
	Fair Value Measurements Using				Investments Measured at NAV (A)
	Fair Value	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>

(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, 2025. 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, 2025 and 2024

*(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. Due to the nature of the valuation inputs, the interests 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, 2025 and 2024:

	Fair Value 4/30/2025	Fair Value 4/30/2024	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Trusts held by others	\$ 51,369	\$ 41,545	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	N/A

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

**April 30, 2025 and 2024**

*(Dollars in thousands)*

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 41,545	\$ 38,309
Contributions of new trusts held by others	4,749	82
Change in value of trusts held by others	<u>5,075</u>	<u>3,154</u>
Balance, end of year	<u><u>\$ 51,369</u></u>	<u><u>\$ 41,545</u></u>

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

At April 30, 2025 and 2024, the museum held the following investments in certain entities that calculate net asset value per share as a practical expedient.

	<u>Fair Value</u>		<u>Unfunded Commitments</u>		<u>Redemption</u>	<u>Redemption</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>Frequency</u>	<u>Notice Period</u>
Common trust fund - U.S. fixed income strategies (A)	\$ -	\$ 11,462	N/A	N/A	Semi-Monthly	5 days
Common trust fund - U.S. equity strategies (A)	-	123,415	N/A	N/A	Daily	2 days
Common trust funds - international strategies (A)	-	18,394	N/A	N/A	Daily/Monthly	1 - 30 days
Global equity marketable partnerships and funds (B)	-	54,561	N/A	N/A	Monthly/Semi- Monthly	5 - 30 days
Multi-strategy hedge funds (C)	-	13,458	N/A	N/A	Monthly	1 day
Multi-strategy hedge funds (C)	-	59,009	N/A	N/A	Non- redeemable/ Limited	None/Quarterly/ Semi-Annually/ Annually
Private equity funds (D)	-	62,153	N/A	\$ 47,454	Non-redeemable	None
Distressed opportunity funds (E)	295	515	2,215	2,215	Non-redeemable	None
Single investor limited partnership (F)	420,698	-	39,755	-	Monthly/ Quarterly	5 - 30 days
	<u><u>\$ 420,993</u></u>	<u><u>\$ 342,967</u></u>	<u><u>\$ 41,970</u></u>	<u><u>\$ 49,669</u></u>		

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(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. During the year ended April 30, 2025 all common trust funds were transferred into the new single investment fund. Refer to paragraph (F) below.
- (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. During the year ended April 30, 2025 all marketable partnerships were transferred into the new single investment fund. Refer to paragraph (F) below.
- (C) Multi-strategy hedge funds include investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Investments representing approximately 10% as of April 30, 2025, in this category are designated as illiquid. Investments representing approximately 72% as of April 30, 2025, 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. During the year ended April 30, 2025 all multi-strategy hedge funds were transferred into the new single investment fund. Refer to paragraph (F) below.
- (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. During the year ended April 30, 2025 all private equity funds were transferred into the new single investment fund. Refer to paragraph (F) below.
- (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. This holding is expected to transfer into the new single investment fund in calendar year 2025. Refer to paragraph (F) below.
- (F) The single investor limited partnership (previously reported as multi-strategy hedge and private equity funds) was amended during the year ended April 30, 2025 to act as a single investment fund for the museum. All previous investments held by the museum with the

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(Dollars in thousands)*

exception of a distressed opportunity fund, refer to paragraph (E) above, were transferred into the single investor limited partnership during the year ended April 30, 2025. The limited partnership is organized for the objective and purpose of acquiring, directly or indirectly, holding for investment, converting and distributing or otherwise disposing of investments pursuant to investment management agreements. To achieve its objective, the single investor limited partnership primarily will allocate its assets among multiple investments inclusive of equities and fixed income. Equities include public equity, private investments, hedge funds and real assets. Target ranges for equity and fixed income components of the investments are 83-93% and 7-17%, respectively.

### **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, 2025 and 2024**

*(Dollars in thousands)*

The table below presents financial assets available for general expenditures within one year at April 30, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Cash	\$ 5,255	\$ 5,926
Short-term investments	6,287	10,304
Accounts receivable	267	117
Contributions receivable, at fair value	48,053	60,724
Investments	420,993	388,312
Trusts held by others	51,369	41,545
Other assets	<u>672</u>	<u>-</u>
Total financial assets	<u>532,896</u>	<u>506,928</u>
Investments held in non-custodial trusts	51,369	41,545
Contributions receivable due after one year	39,235	50,818
Contributions receivable due within one year for debt service	4,500	5,700
Investments held for board designated Capital/Program reserve fund	52,121	61,372
Investments held for endowments	164,923	137,269
Investments held for quasi-endowments	150,223	134,794
Liability for deferred compensation	<u>672</u>	<u>-</u>
Financial assets not available to be used within one year	<u>463,043</u>	<u>431,498</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 69,853</u></u>	<u><u>\$ 75,430</u></u>

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, 2025 and 2024, restricted contributions and restricted investment returns which have been appropriated in accordance with the museum's spending policy, but not yet spent, of \$48,385 and \$47,405, 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, 2025 and 2024

*(Dollars in thousands)*

### Note 5: Property and Equipment

Property and equipment at April 30 consisted of:

	2025	2024
Land	\$ 10,235	\$ 10,235
Buildings and improvements	291,280	291,041
Furniture, fixtures and equipment	1,914	2,158
Construction-in-progress	1,073	563
	<u>304,502</u>	<u>303,997</u>
Less accumulated depreciation	<u>(142,887)</u>	<u>(135,128)</u>
	<u><u>\$ 161,615</u></u>	<u><u>\$ 168,869</u></u>

### Note 6: Bonds and Notes Payable

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

	2025	2024
Cultural Facilities Revenue Bonds, Series 2004A (A)	\$ 45,000	\$ 57,000
Cultural Facilities Revenue Bonds, Series 2008A (B)	60,000	60,000
Cultural Facilities Revenue Bonds, Series 2012A (C)	-	4,370
	<u>105,000</u>	<u>121,370</u>
Add unamortized premium	-	95
Less unamortized debt issuance costs	(589)	(654)
Less current maturities of bonds and notes payable, net	<u>(14,448)</u>	<u>(20,100)</u>
	<u><u>\$ 89,963</u></u>	<u><u>\$ 100,711</u></u>

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, 2025 and 2024**

*(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 0.40% to 4.90% and 0.50% to 4.75% during fiscal years 2025 and 2024, 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 Bond issue, with annual interest rates of 5% during fiscal years 2025 and 2024.

- (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 and another \$12,000 reduction of the series balance in December 2024. 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 were payable at various dates through December 1, 2025 and were fully paid off during the year ended April 30, 2025.

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, \$14,500 and \$15,700 is classified as a current liability as of April 30, 2025 and 2024, respectively. 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 expires on January 22, 2028, and the Series 2008A Bonds expires on May 19, 2028.

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, 2025 and 2024, 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, 2025 and 2024**

*(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 \$52 at April 30, 2025 are:

2025	\$	-
2026		-
2027		-
2028		-
2029		-
Thereafter		<u>105,000</u>
	\$	<u><u>105,000</u></u>

Total interest expense included in the consolidated statements of activities was \$3,469 and \$4,189 for the years ended April 30, 2025 and 2024, respectively.

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(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:

	2025	2024
Subject to expenditure for specified purpose		
Art acquisition	\$ 8,302	\$ 11,164
Curators and collections management		
Curatorial programs and galleries	18,941	18,708
Publications	223	311
Special exhibitions	1,984	2,333
Learning and engagement and library	2,749	3,614
Conservation science	566	541
Technology initiative	295	495
Building, equipment and other	408	353
Contributions receivable, the proceeds from which have been restricted by donors for		
Art acquisition	185	200
Curators and collections management	2,340	2,868
Publications	18	98
Learning and engagement and library	75	143
Conservation science	-	177
Building, equipment and other	45,108	57,000
	<u>81,194</u>	<u>98,005</u>
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	<u>327</u>	<u>238</u>
	<u>327</u>	<u>238</u>
Subject to endowment spending policy and appropriation		
Curators and collections management		
Curatorial programs and galleries	45,058	40,055
Publications	1,798	1,599
Special exhibitions	9,247	8,202
Learning and engagement and library	16,744	14,981
Conservation science	2,379	2,103
Art acquisition	26,166	9,646
Multiple program activities	22,784	20,274
General operations	51,557	46,309
Total endowments subject to spending policy	<u>175,733</u>	<u>143,169</u>
Not subject to endowment spending policy or appropriation		
Trusts held by others	<u>51,369</u>	<u>41,545</u>
Total net assets with donor restrictions	<u>\$ 308,623</u>	<u>\$ 282,957</u>

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(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.

	2025	2024
Expiration of time restrictions	\$ 572	\$ 607
Satisfaction of purpose restrictions		
Art acquisition	5,019	1,953
Curators and collections management		
Curatorial programs and galleries	3,817	3,395
Publications	133	105
Special exhibitions	132	338
Learning and engagement and library	701	1,267
Conservation science	159	397
Technology initiative	200	272
Building, equipment and other	12,653	671
Purpose release of funds appropriated in accordance with spending policy		
Curators and collections management		
Curatorial programs and galleries	1,357	957
Publications	184	69
Special exhibitions	3,648	1,185
Learning and engagement and library	1,225	961
Conservation science	143	81
Time release of funds appropriated in accordance with spending policy		
General operations	1,914	1,941
	<u>\$ 31,857</u>	<u>\$ 14,199</u>

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(Dollars in thousands)*

### ***Net Assets Without Donor Restrictions***

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

	2025	2024
Undesignated	\$ 10,083	\$ 10,083
Board designated endowment supporting operations	160,649	144,507
Board designated capital/program fund	53,577	68,300
Invested in property and equipment inclusive of gains on prior sales, net of related debt	52,371	44,005
	<hr/>	<hr/>
Total net assets without donor restrictions	\$ 276,680	\$ 266,895
	<hr/>	<hr/>

### **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, 2025 and 2024**

*(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:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>April 30, 2025</b>			
Board-designated funds	\$ 160,649	\$ -	\$ 160,649
Donor-restricted funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	120,028	120,028
Accumulated investment gains	-	55,705	55,705
	<u>\$ 160,649</u>	<u>\$ 175,733</u>	<u>\$ 336,382</u>
Total endowment funds			
	<u>\$ 160,649</u>	<u>\$ 175,733</u>	<u>\$ 336,382</u>
<b>April 30, 2024</b>			
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
	<u>\$ 144,507</u>	<u>\$ 143,169</u>	<u>\$ 287,676</u>
Total endowment funds			
	<u>\$ 144,507</u>	<u>\$ 143,169</u>	<u>\$ 287,676</u>

# The Nelson Gallery Foundation and The William Rockhill Nelson Trust

## Notes to Consolidated Financial Statements

April 30, 2025 and 2024

*(Dollars in thousands)*

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 144,507	\$ 143,169	\$ 287,676
Net investment return	22,465	26,012	48,477
Contributions	903	14,110	15,013
Appropriation of endowment assets for expenditure	(7,226)	(7,558)	(14,784)
Endowment net assets, end of year	<u>\$ 160,649</u>	<u>\$ 175,733</u>	<u>\$ 336,382</u>
	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	<u>\$ 144,507</u>	<u>\$ 143,169</u>	<u>\$ 287,676</u>

### ***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, 2025 and 2024**

*(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, 2025 and 2024, funds with original gift values of \$5,100 and \$23,055; fair values of \$4,941 and \$21,631; and deficiencies of \$158 and \$1,424, 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, 2025 and 2024

*(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, 2025 and 2024. 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.

	Program Services				Support Services			Total
	Curatorial	Education	Exhibitions	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>April 30, 2025</b>								
Salaries and benefits	\$ 8,212	\$ 5,679	\$ 2,661	\$ 16,552	\$ 3,026	\$ 3,087	\$ 6,113	\$ 22,665
Professional fees and services	1,706	1,592	1,794	5,092	1,675	657	2,332	7,424
Occupancy	892	771	777	2,440	711	221	932	3,372
Equipment and supplies	526	637	1,115	2,278	359	621	980	3,258
Advertising	23	65	238	326	25	55	80	406
Travel and events	201	107	85	393	410	93	503	896
Insurance	225	68	68	361	47	19	66	427
Costs of goods sold	394	413	395	1,202	25	77	102	1,304
Interest	996	996	996	2,988	496	303	799	3,787
Depreciation	2,072	2,072	2,072	6,216	1,429	576	2,005	8,221
Other	(7)	80	(9)	64	2	93	95	159
	<u>\$ 15,240</u>	<u>\$ 12,480</u>	<u>\$ 10,192</u>	<u>\$ 37,912</u>	<u>\$ 8,205</u>	<u>\$ 5,802</u>	<u>\$ 14,007</u>	<u>\$ 51,919</u>
	Program Services				Support Services			Total
	Curatorial	Education	Exhibitions	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>April 30, 2024</b>								
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>

### Note 10: Postretirement Benefit Plans

#### *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 \$942 and \$819 for the years ended April 30, 2025 and 2024, respectively.

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(Dollars in thousands)*

### ***Deferred Compensation Plan***

The museum sponsors a 457(f) deferred compensation plan for the Director and CEO. The plan includes an employer discretionary contribution on behalf of the participant and also participant contributions based on a chosen deferral amount. An asset and corresponding liability are recorded in the consolidated statement of financial position for \$672 as of April 30, 2025, representing the amounts held in the plan which have been contributed by the employer or plan participant and the funds attributed to the participant.

### **Note 11: Related Party Transactions**

The museum received \$3,735 and \$1,828 of contribution revenue from board trustees for the years ended April 30, 2025 and 2024, 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, 2025 and 2024, the museum's cash accounts exceeded federally insured limits by \$5,573 and \$5,452, respectively.

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

Approximately 94% of all contributions receivable were from one donor in 2025 and 2024. 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 37% and 32% of all contributions were from two and one donor(s) in 2025 and 2024, 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.

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

## **Notes to Consolidated Financial Statements**

**April 30, 2025 and 2024**

*(Dollars in thousands)*

### ***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 that 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, 2025

*(Dollars in thousands)*

	The Nelson Gallery Foundation	The William Rockhill Nelson Trust	Consolidated
<b>Assets</b>			
Current assets			
Cash	\$ 2,755	\$ 2,500	\$ 5,255
Short-term investments	1,239	5,048	6,287
Accounts receivable	267	-	267
Contributions receivable, at fair value	8,818	-	8,818
Bookstore inventory and prepaid expenses	297	-	297
Total current assets	13,376	7,548	20,924
Investments, pooled	379,487	41,506	420,993
Contributions receivable, at fair value	39,235	-	39,235
Property and equipment, net	161,585	30	161,615
Trusts held by others	17,102	34,267	51,369
Other assets	672	-	672
Total assets	<u>\$ 611,457</u>	<u>\$ 83,351</u>	<u>\$ 694,808</u>
<b>Liabilities and Net Assets</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 4,744	\$ 38	\$ 4,782
Bond interest payable	312	-	312
Bonds and notes payable	14,448	-	14,448
Total current liabilities	19,504	38	19,542
Bonds and notes payable	89,963	-	89,963
Total liabilities	<u>109,467</u>	<u>38</u>	<u>109,505</u>
<b>Net Assets</b>			
Without donor restrictions			
General undesignated	10,083	-	10,083
Board designated	266,597	-	266,597
With donor restrictions	225,310	83,313	308,623
Total net assets	<u>501,990</u>	<u>83,313</u>	<u>585,303</u>
Total liabilities and net assets	<u>\$ 611,457</u>	<u>\$ 83,351</u>	<u>\$ 694,808</u>

# 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
<b>Assets</b>			
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>
<b>Liabilities and Net Assets</b>			
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>
<b>Net Assets</b>			
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 Activities

Year Ended April 30, 2025

*(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	
<b>Support and Revenue</b>							
Contributions	\$ 8,246	\$ 8,965	\$ 17,211	\$ -	\$ -	\$ -	\$ 17,211
Membership dues and fees	4,888	-	4,888	-	-	-	4,888
Admission fees	897	-	897	-	-	-	897
Program fees, royalties and other	300	-	300	-	-	-	300
Auxiliary activities	5,844	-	5,844	-	-	-	5,844
Program fees from The William Rockhill Nelson Trust	1,914	-	1,914	(1,914)	-	(1,914)	-
Net investment return designated for current use	14,172	6,465	20,637	-	(5)	(5)	20,632
Net assets released from restrictions							
Satisfaction of program restrictions	12,352	(12,352)	-	-	-	-	-
Satisfaction of time restrictions	572	(572)	-	1,914	(1,914)	-	-
Satisfaction of capital acquisition and debt payment restrictions	12,000	(12,000)	-	-	-	-	-
Total support and revenue	61,185	(9,494)	51,691	-	(1,919)	(1,919)	49,772
<b>Expenses</b>							
Curators, design and conservation	8,577	-	8,577	-	-	-	8,577
Special exhibitions	2,108	-	2,108	-	-	-	2,108
Learning and engagement	4,380	-	4,380	-	-	-	4,380
Administration	5,330	-	5,330	-	-	-	5,330
Operations and security	10,673	-	10,673	-	-	-	10,673
Auxiliary activities	4,495	-	4,495	-	-	-	4,495
Membership services	1,203	-	1,203	-	-	-	1,203
Development and public information	3,145	-	3,145	-	-	-	3,145
Depreciation	8,221	-	8,221	-	-	-	8,221
Interest and other bond related expenses	3,787	-	3,787	-	-	-	3,787
Total expenses	51,919	-	51,919	-	-	-	51,919
<b>Change in Net Assets Before Other Items</b>	9,266	(9,494)	(228)	-	(1,919)	(1,919)	(2,147)
<b>Other Items</b>							
Proceeds from sale of works of art / library volumes	-	14,000	14,000	-	-	-	14,000
Contributions for works of art / library volumes	-	990	990	-	-	-	990
Net assets released to fund works of art / library acquisitions	3,880	(3,880)	-	1,139	(1,139)	-	-
Cost of acquisition of works of art / library volumes	(3,880)	-	(3,880)	(1,139)	-	(1,139)	(5,019)
Net investment return designated for art / library acquisitions	-	-	-	-	756	756	756
Net investment return in excess of amounts designated for current operations and art / library acquisitions	519	15,084	15,603	-	6,193	6,193	21,796
Change in value of trusts held by others	-	12	12	-	5,063	5,063	5,075
<b>Change in Net Assets</b>	9,785	16,712	26,497	-	8,954	8,954	35,451
<b>Net Assets, Beginning of Year</b>	266,895	208,598	475,493	-	74,359	74,359	549,852
<b>Net Assets, End of Year</b>	<u>\$ 276,680</u>	<u>\$ 225,310</u>	<u>\$ 501,990</u>	<u>\$ -</u>	<u>\$ 83,313</u>	<u>\$ 83,313</u>	<u>\$ 585,303</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	
<b>Support and Revenue</b>							
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)	-	-
Total support and revenue	49,754	721	50,475	-	(1,946)	(1,946)	48,529
<b>Expenses</b>							
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
Total expenses	49,804	-	49,804	-	-	-	49,804
<b>Change in Net Assets Before Other Items</b>	(50)	721	671	-	(1,946)	(1,946)	(1,275)
<b>Other Items</b>							
Contributions for works of art / library volumes	-	2,018	2,018	-	-	-	2,018
Net assets released to fund works of art / library acquisitions	1,689	(1,689)	-	264	(264)	-	-
Cost of acquisition of works of art / 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 (deficit) 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
<b>Change in Net Assets</b>	11,447	1,524	12,971	-	2,924	2,924	15,895
<b>Net Assets, Beginning of Year</b>	255,448	207,074	462,522	-	71,435	71,435	533,957
<b>Net Assets, End of Year</b>	\$ 266,895	\$ 208,598	\$ 475,493	\$ -	\$ 74,359	\$ 74,359	\$ 549,852