
National Museum of Wildlife Art of the United
States

Financial Report
April 30, 2020

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16

Independent Auditor's Report

To the Board of Trustees
National Museum of Wildlife Art of
the United States

We have audited the accompanying financial statements of National Museum of Wildlife Art of the United States (the "Museum"), which comprise the statement of financial position as of April 30, 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Museum of Wildlife Art of the United States as of April 30, 2020 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, the impact of the worldwide COVID-19 pandemic on the Museum's net assets, cash flows, and financial condition is unknown. Our opinion is not modified with respect to this matter.

To the Board of Trustees
National Museum of Wildlife Art of
the United States

Report on Summarized Comparative Information

We have previously audited National Museum of Wildlife Art of the United States' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

October 9, 2020

National Museum of Wildlife Art of the United States

Statement of Financial Position

April 30, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,542,073	\$ 2,564,546
Investments	543,968	581,715
Receivables:		
Accounts receivable	3,747	35,470
Pledges receivable - Current portion	746,500	-
Inventory	136,383	127,734
Prepaid expenses	29,255	47,906
	4,001,926	3,357,371
Long-term Investments	20,374,590	20,741,394
Pledges Receivable - Net of current portion	1,902,310	-
Beneficial Interest in Remainder Trust	1,798,971	1,726,767
Property and Equipment - Net	11,692,733	11,665,796
Total assets	\$ 39,770,530	\$ 37,491,328
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 54,253	\$ 245,724
Accrued expenses	133,473	92,688
Advance contribution	411,014	-
	598,740	338,412
Net Assets		
Without donor restrictions:		
Undesignated	12,260,214	12,039,929
Board designated:		
Endowment	3,113,387	3,334,660
Reserves (capital, program, and campaign)	637,507	669,219
	16,011,108	16,043,808
With donor restrictions	23,160,682	21,109,108
	39,171,790	37,152,916
Total net assets	\$ 39,770,530	\$ 37,491,328
Total liabilities and net assets	\$ 39,770,530	\$ 37,491,328

National Museum of Wildlife Art of the United States

Statement of Activities and Changes in Net Assets

Year Ended April 30, 2020
(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Contributions and grants	\$ 1,525,272	\$ 4,836,451	\$ 6,361,723	\$ 3,858,598
Western Visions show and sale	559,278	-	559,278	574,582
Admissions	454,189	-	454,189	449,659
Gift shop sales	360,784	-	360,784	405,434
Memberships	204,253	-	204,253	287,838
Other revenue	84,222	20,700	104,922	158,122
Building rental fee	135,835	-	135,835	140,492
Change in value of beneficial interest in remainder trust	-	72,204	72,204	215,384
Investment (loss) gain - Net	(93,736)	(547,893)	(641,629)	678,481
Total revenue, gains, and other support	3,230,097	4,381,462	7,611,559	6,768,590
Net Assets Released from Restrictions	2,329,888	(2,329,888)	-	-
Total revenue, gains, other support, and net assets released from restrictions	5,559,985	2,051,574	7,611,559	6,768,590
Expenses				
Program services:				
Curatorial and conservation	1,315,048	-	1,315,048	1,269,805
Collections and exhibits	548,107	-	548,107	542,709
Educational program	510,336	-	510,336	484,336
Admissions	205,025	-	205,025	205,217
Memberships	82,851	-	82,851	89,715
Docent program	79,578	-	79,578	78,815
Museum shop	354,091	-	354,091	373,177
Western Visions show and sale	568,693	-	568,693	562,157
Total program services	3,663,729	-	3,663,729	3,605,931
Supporting services:				
Management and general	816,481	-	816,481	880,664
Fundraising	417,690	-	417,690	502,410
Marketing	366,803	-	366,803	310,736
Building rental	96,380	-	96,380	98,544
Total supporting services	1,697,354	-	1,697,354	1,792,354
Total expenses	5,361,083	-	5,361,083	5,398,285
Increase in Net Assets - Before accession of art	198,902	2,051,574	2,250,476	1,370,305
Accession of Art	(231,602)	-	(231,602)	(497,606)
(Decrease) Increase in Net Assets	(32,700)	2,051,574	2,018,874	872,699
Net Assets - Beginning of year	16,043,808	21,109,108	37,152,916	36,280,217
Net Assets - End of year	<u>\$ 16,011,108</u>	<u>\$ 23,160,682</u>	<u>\$ 39,171,790</u>	<u>\$ 37,152,916</u>

National Museum of Wildlife Art of the United States

Statement of Functional Expenses

Year Ended April 30, 2020
(with comparative totals for 2019)

	Program Services							Support Services				Total		
	Curatorial and Conservation	Collections and Exhibits	Educational Programs	Admissions	Memberships	Volunteer/Docent	Museum Shop	Western Visions	Management and General	Fundraising	Marketing	Building Rental	2020	2019
Salaries and benefits	\$ 574,034	\$ 133,209	\$ 276,886	\$ 125,848	\$ 10,247	\$ 56,784	\$ 173,150	\$ 143,387	\$ 479,238	\$ 287,894	\$ 118,162	\$ 89,219	\$ 2,468,058	\$ 2,469,813
Cost of goods/Artist commissions/Awards	-	-	-	-	-	-	158,604	290,997	-	14,013	-	-	463,614	501,367
Advertising, promotion, and entertainment	28,519	15,400	2,915	200	21,440	10,271	699	85,195	15,252	41,240	130,357	1,106	352,594	312,173
Occupancy	198,856	91,511	53,869	17,127	9,198	3,827	7,318	1,238	69,776	6,208	-	4,296	463,224	544,079
Depreciation	367,138	187,168	107,982	35,994	14,397	7,199	-	-	127,037	-	-	-	846,915	828,280
Supplies, postage/delivery, and printing	2,255	25,295	687	5,552	9,537	155	413	21,683	2,657	21,828	20,821	193	111,076	121,223
Professional services	103,605	47,214	42,019	1,381	9,880	261	-	17,066	69,051	31,741	93,086	525	415,829	392,113
Staff development and travel	2,616	11,489	4,939	3,811	3,296	14	2,870	294	30,034	4,305	191	239	64,098	51,573
Bank fees and merchant credit card fees	(40)	28	(13)	11,750	2,682	(1)	9,594	6,923	902	5,916	804	401	38,946	44,220
Dues/Subscription, reference material, and licenses	4,106	21,640	7,802	1,075	116	77	825	615	173	1,723	2,619	401	41,172	69,843
Software maintenance	15,050	2,944	1,998	566	226	725	-	1,295	4,941	2,822	763	-	31,330	37,314
Capital purchases	18,909	12,209	11,252	1,721	1,832	266	618	-	17,420	-	-	-	64,227	26,287
Total expenses	\$ 1,315,048	\$ 548,107	\$ 510,336	\$ 205,025	\$ 82,851	\$ 79,578	\$ 354,091	\$ 568,693	\$ 816,481	\$ 417,690	\$ 366,803	\$ 96,380	\$ 5,361,083	\$ 5,398,285

National Museum of Wildlife Art of the United States

Statement of Cash Flows

Year Ended April 30, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 2,018,874	\$ 872,699
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	846,915	827,405
Contributions restricted for endowment	(1,004,105)	(1,600,000)
Change in value of beneficial interest in remainder trust	(72,204)	(215,384)
Net loss (gain) on investments	641,629	(678,481)
Accession of art	231,602	497,606
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	31,723	(5,491)
Pledges receivable	(2,648,810)	-
Prepaid expenses	18,651	5,728
Inventory	(8,649)	15,009
Accounts payable	(191,471)	135,304
Accrued expenses	40,785	10,642
Advance contribution	411,014	-
Net cash and cash equivalents provided by (used in) operating activities	315,954	(134,963)
Cash Flows from Investing Activities		
Purchase of property and equipment	(873,852)	(538,076)
Accession of art	(231,602)	(497,606)
Purchases of investments	(13,209,496)	(13,450,763)
Proceeds from sales and maturities of investments	12,972,418	12,359,577
Net cash and cash equivalents used in investing activities	(1,342,532)	(2,126,868)
Cash Flows Provided by Financing Activities - Proceeds from restricted contributions	1,004,105	1,600,000
Net Decrease in Cash and Cash Equivalents	(22,473)	(661,831)
Cash and Cash Equivalents - Beginning of year	2,564,546	3,226,377
Cash and Cash Equivalents - End of year	<u>\$ 2,542,073</u>	<u>\$ 2,564,546</u>

April 30, 2020

Note 1 - Nature of Business

National Museum of Wildlife Art of the United States (the "Museum"), a nonprofit corporation, was incorporated in the state of Wyoming on August 18, 1986. The Museum's mission is to impart knowledge and inspire appreciation of humanity's relationship with wildlife and nature through art and education.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncements

Effective May 1, 2019, the Museum adopted FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Museum elected to apply the new revenue recognition guidance using the modified prospective approach. The adoption did not have a material impact on the financial statements, and the Museum's revenue recognition practices were substantially unchanged as a result of applying ASU No. 2018-08.

Effective May 1, 2019, the Museum adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Museum elected to apply the new revenue recognition guidance using the modified retrospective approach. The adoption did not have a material impact on the financial statements, and the Museum's revenue recognition practices were substantially unchanged as a result of applying ASU No. 2014-09.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended April 30, 2019 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's 2019 financial statements, from which the summarized information was derived.

Cash and Cash Equivalents

The Museum considers all investments with an original maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio. Of the total cash balance as of April 30, 2020, \$913,079 represents amounts with donor restrictions. Periodically throughout the year ended April 30, 2020, the Museum has maintained balances in excess of federally insured limits.

Investments

The Museum reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is recorded on the statement of activities and changes in net assets as investment income without donor restriction unless restricted by donors or law.

April 30, 2020

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable relate to small outstanding operating and exhibit pledges without donor restrictions and facility rental fees. The Museum provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts are written off to bad debts when deemed uncollectible. Management considers all accounts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at April 30, 2020.

Inventory

Inventory is stated at the lower of average cost or net realizable value. Inventory consists of items held for sale, including reproductions of the Museum's collection; books on art, artists, wildlife, and western heritage; and other items designed to enhance visitors' experiences. Major classes of inventory are activities, audio/visual, books, clothes, holiday, housewares, jewelry/accessories, posters/prints, and stationery.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value on the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from 5 to 20 years. Assets with an initial purchase price under \$2,000 are expensed in the year purchased.

Classification of Net Assets

Net assets of the Museum are classified based on the presence or absence of donor-imposed restrictions according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Museum's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Earnings, gains, and losses on restricted net assets are classified as without donor restriction unless specifically restricted by the donor or by applicable state law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are released to net assets without donor restrictions.

Contributions

The Museum reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Museum reports the expiration of donor restrictions when the assets are placed in service.

Note 2 - Significant Accounting Policies (Continued)

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period the gift is received are both reported as net assets without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible pledges is provided when evidence indicates amounts promised by donors may not be collectible.

Revenue Recognition

The Museum generates its exchange revenue from multiple sources, as described below:

Western Visions Art Show

Annually, the Museum hosts a luncheon and art show during which artisans sell jewelry and various other items and art is sold at the actual art show. Tickets for admission to the show are sold in advance and are deferred until the event takes place. The Museum recognizes the sale of art and items from this event as point of sale revenue and pays the artist a commission.

Admissions

Admissions revenue includes daily ticket sales for an individual for admission to the Museum for a single day. Revenue is recognized on the date of admission.

Gift Shop Sales

The Museum operates a gift shop. Revenue for sales of items is recognized at the point of sale.

Memberships

The Museum offers various membership packages, which include unlimited access to the Museum, guest passes, discounts on gift shop and restaurant purchases, and subscriptions to all Museum publications for one- or two-year periods. Certain membership levels include access to additional events. The Museum recognizes membership revenue over the time of the individual membership period. Unearned dues are recorded as deferred revenue, which is included in accrued expenses on the accompanying statement of financial position.

Other Information

Total accounts receivable outstanding as of April 30, 2020 and 2019 related to contracts with customers were \$1,965 and \$5,500, respectively.

Total deferred revenue related to contracts with customers as of April 30, 2020 and 2019 was \$36,995 and \$360, respectively.

Total revenue from contracts with customers for the year ended April 30, 2020 was \$1,819,261.

April 30, 2020

Note 2 - Significant Accounting Policies (Continued)

Facility Rental

The Museum offers space rentals for private events and corporate events/parties. Revenue is recognized at the time of the event in accordance with accounting guidance for leases.

Restaurant Lease

The Museum has an on-site restaurant that it contracts with a third party to rent out and run. The Museum recognizes a percentage of monthly sales and a percentage of catering revenue as building rental fee revenue in accordance with accounting guidance for leases.

Volunteer Services

A number of volunteers have donated significant amounts of their time in the Museum's program service. These volunteer services are not recordable under accounting principles generally accepted in the United States of America. The value of the volunteer services is not disclosed, as no objective basis is available to measure the value of such services. The number of hours of contributed services totaled 2,560 during the year ended April 30, 2020.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs have been allocated between the various programs and support services on several bases and estimates. Depreciation, facility costs, and security are allocated by square footage utilized. Information technology and certain management and general costs are allocated based on a percentage of salary costs. Salaries are reported based on the employee's assigned department or allocated based on square footage for certain employees. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Museum is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). The Museum also has been determined not to be a private foundation under Section 509(a)(1) of the IRC, but it is a public charity. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Museum and recognize a tax liability if the Museum has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Museum and has concluded that, as of April 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Advertising Expense

Advertising costs are expensed during the year in which they are incurred. Advertising expense for the year ended April 30, 2020 was \$170,588.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

April 30, 2020

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 9, 2020, which is the date the financial statements were available to be issued.

Note 3 - Change in Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the financial statements, the Museum has had to postpone or cancel many events due to government orders and convert some live events to virtual. Management has responded by applying for and receiving Paycheck Protection Program funds in the amount of \$441,000 in April 2020 and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds in the amount of \$11,000 subsequent to year end; placing a hiring freeze on most positions; and reducing some contracted services. The Museum closed in mid-March 2020 and reopened in early June 2020, but, due to limits on and reluctance to travel, admissions, shop sales, and facility rentals are expected to be down. The full impact is uncertain and may have an adverse impact on the Museum's cash flows and financial condition. As of April 30, 2020, declines in the financial markets resulted in two endowments being under water. Subsequent to year end and prior to the report date, the underwater investments returned to their original investment value.

Note 4 - Liquidity and Availability of Resources

The Museum is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Museum must maintain sufficient resources to meet those responsibilities to its donors.

The Museum has \$1,237,127 in unrestricted and board-designated operating reserve cash and accounts receivable not subject to donor or other contractual restrictions, which make them available for use within one year. The Museum has a goal to maintain cash and equivalent balances for a minimum of 60 days of ordinary business expenses (exclusive of depreciation). The current accounts receivable consist of small outstanding unrestricted operating and exhibit pledges and facility rental fees for the year ended April 30, 2020, which are expected to be collected within six months. Because of the seasonal environment in which the Museum resides and the cyclical nature of visitors and events, it budgets to have its financial assets available as its general expenditures, liabilities, and other obligations come due through the first eight months of the year. At the end of the 11th month, a distribution of approximately 4 percent (average of last 12 quarters) from the earnings of the donor-restricted endowment and the board-designated endowment is drawn for use in general operating to finish out the year. Per policy, however, up to 5 percent can be distributed, if need be and approved by the board, from the endowments, and, in case of emergency, the board-designated endowment consisting of \$3,113,387 at April 30, 2020 could be voted by the board to be used in a different manner. The Museum can also draw on a \$500,000 line of credit it maintains with the Bank of Jackson Hole. It has two additional board-designated reserves in cash of \$389,507 that could be used in the event of an unanticipated liquidity need with board approval.

April 30, 2020

Note 5 - Pledges Receivable

Included in pledges receivable are promises to give from foundations and individuals. Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a risk-free rate of return discount rate for the expected term of the pledge.

The following is a summary of pledges receivable:

Gross promises to give before unamortized discount	\$ 2,706,500
Less allowance for net present value discount	<u>(57,690)</u>
Net pledges receivable	<u>\$ 2,648,810</u>
Amounts due in:	
Less than one year	\$ 746,500
One to five years	1,120,000
More than five years	<u>840,000</u>
Total	<u>\$ 2,706,500</u>

Note 6 - Investments

The details of the Museum’s investments in trading securities at April 30, 2020 are as follows:

Cash equivalents	\$ 3,561,934
Certificates of deposit and share certificates	1,697,232
Equity mutual funds and exchange-traded funds	2,809,814
Common stock	4,530,220
Fixed-income mutual funds and exchange-traded funds	1,589,548
Corporate bonds	2,522,205
Alternative investment mutual funds	<u>4,207,605</u>
Total	<u>\$ 20,918,558</u>

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

Land	\$ 509,930
Land improvements	2,927,001
Buildings	9,904,498
Building improvements	3,839,682
Building renovation	4,624,617
Equipment	813,827
Furniture and fixtures	465,098
Vehicles	<u>43,229</u>
Total cost	23,127,882
Accumulated depreciation	<u>11,435,149</u>
Net property and equipment	<u>\$ 11,692,733</u>

Note 8 - Advance Contribution

The Museum received a Paycheck Protection Program (PPP) term note through its primary financial institution of \$441,000. The note was issued pursuant to the CARES Act’s PPP.

April 30, 2020

Note 8 - Advance Contribution (Continued)

While the legal form of the PPP agreement is a loan, the Museum concluded the loan represents, in substance, a grant that is expected to be forgiven and, therefore, has accounted for the agreement as a conditional contribution. The following measurable barriers must be substantially overcome before the contribution can be considered unconditional and recorded as revenue:

- Incur eligible expenses.
- Maintain full-time equivalent counts and salary levels through the eligibility period.

As of April 30, 2020, the Museum determined that the barriers were met to recognize forgiveness on approximately \$30,000 of the note. The barriers were not met as of April 30, 2020 for the remaining balance of the note; as such, that portion is recorded as an advance contribution on the accompanying statement of financial position.

Note 9 - Art Collection

In conformity with the practice followed by many museums, the Museum's art collection, which has been acquired through purchases and contributions since inception, is not recognized as an asset on the statement of financial position. Proceeds from the sales of collection items are used to acquire other items for the collection.

Stewardship policies include written procedures for accession of art, deaccession of art, art on loan to the Museum, and art on loan from the Museum. The policies also include procedures for the care of the collection, such as preservation, safety and security, installation, and packaging and shipping. The policies detail the procedures for inventorying the collection, including labeling, monitoring, record keeping and record reconciliation, access reproduction, and insurance. The Museum tracks the collection at original purchased or donated value and uses a mutually agreed-upon value for loaned items as a whole for purposes of adequate insurance coverage. In addition, the Museum's facility is specifically designed to protect the collection from damage.

The Museum utilizes a TMS collections software that improves its ability to track and maintain detailed records on the art collection and enhance its capacity to share its works of art online.

Note 10 - Line of Credit

Under a line of credit agreement with a bank, the Museum has available borrowings of approximately \$500,000. Interest is payable monthly at a rate of 0.5 percent above the prime rate (an effective rate of 3.75 percent at April 30, 2020). The line of credit expires in September 2021. There was no outstanding balance on the line of credit as of April 30, 2020.

Note 11 - Retirement Plans

The Museum sponsors a 403(b) plan for substantially all employees. The plan provides for the Museum to make a discretionary matching contribution. Contributions to the plan totaled \$73,096 for the year ended April 30, 2020.

Note 12 - Beneficial Interest in Assets Held by Third Parties

The Museum is the beneficiary of a charitable remainder unitrust (CRUT), the assets of which are held by a third-party trustee. Under the terms of the CRUT, the Museum has the irrevocable right to receive the assets held in trust upon the death of the lead recipients. The Museum's beneficial interest in the CRUT's assets is reported at fair value based on the value of the CRUT's assets, less the present value of the amounts expected to be paid to the lead recipients, using a 1.2 percent discount rate.

April 30, 2020

Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of April 30, 2020 are available for the following purposes:

Subject to expenditure for a specified purpose:	
Promises to give, proceeds restricted for:	
Remodel	\$ 300,000
Exhibit matching contributions	25,000
C. Rungius Catalog Raisonné	<u>2,322,310</u>
Total	2,647,310
Purchase of property or equipment	488,870
Funding of art and library acquisitions and their conservation	422,896
Funding of special exhibits	180,527
Funding for art research and catalog creation and publishing	136,908
Contributions and sponsorships for future years	127,470
Other	80,321
Funding of Western Visions show and sale	<u>16,205</u>
Total subject to expenditure for a specified purpose	4,100,507
Endowments:	
Available for general use	8,102,926
Education	6,388,141
Beneficial interest in remainder trust held by others - Permanently restricted to general endowment	1,798,971
Research	1,277,972
Programs, exhibits, and mission	1,223,750
Conservation	<u>268,415</u>
Total endowments	<u>19,060,175</u>
Total	<u><u>\$ 23,160,682</u></u>

Approximately 25 percent of endowment funds are for educational programs, with the remainder designated for exhibits and other related programs.

Note 14 - Fair Value Measurements

Accounting standards require certain financial assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Museum’s assets measured at fair value on a recurring basis at April 30, 2020 and the valuation techniques used by the Museum to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Museum has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 14 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Museum’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Certificates of deposits and share certificates classified in Level 2 of the fair value hierarchy are valued based on yields available on comparable securities of the issuer or other issuers with similar credit ratings. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. The beneficial interest in charitable remainder trust classified in Level 3 is valued using discounted cash flow techniques.

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Certificates of deposit and share certificates	\$ -	\$ 1,697,232	\$ -	\$ 1,697,232
Closed end, exchange-traded, and mutual funds	8,606,967	-	-	8,606,967
Corporate bonds	-	2,522,205	-	2,522,205
Common stock	4,530,220	-	-	4,530,220
Total investments	13,137,187	4,219,437	-	17,356,624
Beneficial interest in remainder trust	-	-	1,798,971	1,798,971
Cash (not subject to classification) included in investment balances				3,561,934
Total assets	\$ 13,137,187	\$ 4,219,437	\$ 1,798,971	\$ 22,717,529

Investments are reported on the statement of financial position as follows:

Investments	\$ 543,968
Beneficial interest in remainder trust	1,798,971
Long-term investments	20,374,590
Total	\$ 22,717,529

Note 15 - Endowments

The Museum’s endowment is composed of donor-restricted and board-designated funds.

The Museum has an endowment portfolio the primary objective of which is to provide a long-term source of income (defined as appreciation and/or income) to be distributed annually in support of the Museum’s mission and goals. As a secondary objective, the Museum seeks to maintain or enhance the real (inflation-adjusted) purchasing power of the Museum’s endowment assets and/or reserve funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees (the "Board") to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 15 - Endowments (Continued)

The Board approved an endowment policy in accordance with the Museum's understanding of the Wyoming Uniform Prudent Management of Institutional Funds Act (WUPMIFA). To satisfy its long-term objectives, the Museum acts with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Museum strives to construct a prudently managed, diversified portfolio of assets, including cash, stocks, bonds, and mutual funds, invested so as to minimize the risks of large losses on a long-term basis. The performance of the Museum's funds versus various relevant indices, consistent with the investment objectives stated above, and with emphasis on the longer term, are reviewed periodically. Absent explicit donor stipulations to the contrary, the Museum classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment plus the original value of any subsequent gifts. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by WUPMIFA. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Museum has classified as a fund of perpetual duration.

The endowment assets are invested in a manner that seeks to cover a distribution rate to be determined annually by the Board in accordance with museum policy. The Museum has a policy of appropriating for distribution a maximum of 5 percent of average market values of the endowment's underlying investments over a period of no less than 12 quarters, calculated consistent with applicable statutes. From time to time, market conditions may make it difficult or impossible to achieve the income target stated above, at which times the finance committee may recommend to the Board to temporarily suspend the income objective until market conditions again enable the Museum to attain the distribution target.

	Changes in Endowment Net Assets for the Fiscal Year Ended April 30, 2020		
	Board Designated	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 3,334,660	\$ 19,133,503	\$ 22,468,163
Investment loss - Net	(103,266)	(533,644)	(636,910)
Change in value of beneficial interest in remainder trust	-	72,204	72,204
Contributions	-	1,004,105	1,004,105
Appropriation of endowment assets for expenditure	(118,007)	(615,993)	(734,000)
Endowment net assets - End of year	<u>\$ 3,113,387</u>	<u>\$ 19,060,175</u>	<u>\$ 22,173,562</u>

Underwater Endowment Funds

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 WUPMIFA requires the Museum to retain as a fund of perpetual duration. As of April 30, 2020, deficiencies of this nature exist in donor-restricted endowment funds, which have an original gift value of \$8,600,000, a current fair value of \$8,102,926, and a deficiency of \$497,074. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new endowment contributions and continued appropriation for certain programs that was deemed prudent by the Board.