



**NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES**

**Financial Statements  
and  
Independent Auditors' Report  
April 30, 2018**

**EKS&H**

NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
National Museum of Wildlife Art of the United States  
Jackson Hole, Wyoming

We have audited the accompanying financial statements of National Museum of Wildlife Art of the United States (the "Museum"), which are comprised of the statement of financial position as of April 30, 2018, and the related statements of activities 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.

### **AUDITORS' 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 auditors' 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 auditors consider 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.

To the Board of Trustees  
National Museum of Wildlife Art of the United States  
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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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **REPORT ON SUMMARIZED COMPARATIVE INFORMATION**

We have previously audited the Museum's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*EKS&H LLLP*  
EKS&H LLLP

Denver, Colorado  
August 27, 2018

**NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES**

**Statement of Financial Position**

	April 30, 2018	Summarized Financial Information for April 30, 2017
	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,226,377	\$ 2,641,778
Investments	584,853	617,496
Accounts receivable	29,979	43,907
Pledges receivable	-	20,000
Prepaid expenses	53,634	102,096
Inventory	<u>142,743</u>	<u>157,129</u>
Total current assets	4,037,586	3,582,406
Art collection	-	-
Pledges receivable, net of current portion	-	250,000
Beneficial interest in remainder trust	1,511,383	1,388,561
Long-term investments	18,968,589	11,808,616
Property and equipment, net	<u>11,955,125</u>	<u>12,205,647</u>
Total assets	<u>\$ 36,472,683</u>	<u>\$ 29,235,230</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 110,420	\$ 148,752
Accrued expenses	<u>82,046</u>	<u>96,699</u>
Total current liabilities	<u>192,466</u>	<u>245,451</u>
Commitments		
Net assets		
Unrestricted		
Undesignated	12,481,127	12,704,275
Board-designated - endowment	3,299,991	3,193,788
Board-designated - reserves (capital, program, and campaign)	<u>604,409</u>	<u>475,883</u>
Total unrestricted	<u>16,385,527</u>	<u>16,373,946</u>
Temporarily restricted		
Temporarily restricted	2,714,708	2,362,429
Donor-restricted - endowment earnings	<u>2,238,375</u>	<u>1,934,619</u>
Total temporarily restricted	<u>4,953,083</u>	<u>4,297,048</u>
Permanently restricted	<u>14,941,607</u>	<u>8,318,785</u>
Total net assets	<u>36,280,217</u>	<u>28,989,779</u>
Total liabilities and net assets	<u>\$ 36,472,683</u>	<u>\$ 29,235,230</u>

See notes to financial statements.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Statement of Activities

	For the Year Ended April 30, 2018				Summarized Financial Information for the Year Ended April 30, 2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenues, gains, and other support					
Contributions and grants	\$ 1,686,329	\$ 1,747,760	\$ 6,500,000	\$ 9,934,089	\$ 3,642,914
Admissions	455,574	-	-	455,574	392,768
Memberships	292,747	-	-	292,747	274,574
Gift shop sales	460,971	-	-	460,971	440,920
Western Visions show and sale	577,976	-	-	577,976	589,401
Black Bear Ball (net of \$222,949 in expenses)	215,735	-	-	215,735	-
Building rental fee	127,765	-	-	127,765	103,688
Other revenue	125,191	33,004	-	158,195	154,024
Change in value of beneficial interest in remainder trust	-	-	122,822	122,822	153,946
Investment gain	194,504	557,309	-	751,813	1,248,468
	4,136,792	2,338,073	6,622,822	13,097,687	7,000,703
Net assets released from restrictions					
Endowment distribution	218,861	(218,861)	-	-	-
Satisfaction of program restrictions	1,463,177	(1,463,177)	-	-	-
Total revenues, gain, and other support	5,818,830	656,035	6,622,822	13,097,687	7,000,703
Expenses					
Program services					
Curatorial and conservation	1,341,954	-	-	1,341,954	1,341,294
Collections and exhibits	338,705	-	-	338,705	320,586
Admissions	205,138	-	-	205,138	191,909
Memberships	101,361	-	-	101,361	87,376
Educational program	480,238	-	-	480,238	429,616
Docent program	74,053	-	-	74,053	76,505
Total program services	2,541,449	-	-	2,541,449	2,447,286
Supporting services					
Management and general	950,821	-	-	950,821	837,666
Fundraising	530,846	-	-	530,846	470,239
Marketing	350,183	-	-	350,183	331,396
Cost of sales - gift shop	410,144	-	-	410,144	382,070
Western Visions show and sale	591,988	-	-	591,988	609,707
Plein Air Festival	23,459	-	-	23,459	25,242
Building rental costs	104,329	-	-	104,329	92,748
Total expenses	5,503,219	-	-	5,503,219	5,196,354
Accession of art	(304,030)	-	-	(304,030)	(333,525)
Change in net assets	11,581	656,035	6,622,822	7,290,438	1,470,824
Net assets at beginning of year	16,373,946	4,297,048	8,318,785	28,989,779	27,518,955
Net assets at end of year	\$ 16,385,527	\$ 4,953,083	\$ 14,941,607	\$ 36,280,217	\$ 28,989,779

See notes to financial statements.

**NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES**

**Statement of Cash Flows**

	<u>For the Year Ended April 30, 2018</u>	<u>Summarized Financial Information for the Year Ended April 30, 2017</u>
Cash flows from operating activities		
Change in net assets	\$ 7,290,438	\$ 1,470,824
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	812,780	777,907
Contributions restricted for endowment	(6,500,000)	(507,282)
Change in value of beneficial interest in remainder trust	(122,822)	(153,946)
Net unrealized gain on investments	(202,114)	(821,629)
Accession of art	304,030	333,525
Changes in assets and liabilities		
Accounts receivable	13,928	(4,064)
Pledges receivable	270,000	11,445
Prepaid expenses	48,462	(54,763)
Inventory	14,386	1,526
Accounts payable	(38,332)	64,703
Accrued expenses	(14,653)	13,970
	<u>(5,414,335)</u>	<u>(338,608)</u>
Net cash provided by operating activities	<u>1,876,103</u>	<u>1,132,216</u>
Cash flows from investing activities		
Purchase of investments	(21,196,524)	(959,674)
Proceeds from sale of investments	14,271,308	465,889
Accession of art	(304,030)	(333,525)
Purchase of property and equipment	(562,258)	(345,283)
Net cash used in investing activities	<u>(7,791,504)</u>	<u>(1,172,593)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for endowment	<u>6,500,000</u>	<u>507,282</u>
Net cash provided by financing activities	<u>6,500,000</u>	<u>507,282</u>
Net increase in cash and cash equivalents	584,599	466,905
Cash and cash equivalents at beginning of year	<u>2,641,778</u>	<u>2,174,873</u>
Cash and cash equivalents at end of year	<u>\$ 3,226,377</u>	<u>\$ 2,641,778</u>

See notes to financial statements.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies**

#### Organization

The National Museum of Wildlife Art of the United States (the "Museum"), a non-profit corporation, was incorporated in the state of Wyoming on August 18, 1986. The Museum's mission is to collect, display, interpret, and preserve the highest-quality North American wildlife art, supplemented by wildlife art found throughout the world. The Museum enriches and inspires appreciation and knowledge of humanity's relationship with nature.

#### Basis of Presentation

The Museum reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted amounts include currently available annual operating funds, those resources invested in the art collection, and property and equipment as well as Board-designated endowment, capital reserve, and program reserve funds.

Temporarily restricted amounts are restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are maintained permanently by the Museum as required by the donors, but the Museum is permitted to use or expend part or all of any income derived from those assets. See Note 10 for information on the Museum's endowments.

#### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended April 30, 2017 from which the summarized information was derived.

#### Cash and Cash Equivalents

The Museum considers all highly liquid investments with an original maturity of three months or less to be cash equivalents unless held for reinvestment as part of the investment portfolio. Of the total cash balance as of April 30, 2018, \$2,147,550 represents temporarily restricted amounts.

#### 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 as unrestricted investment income unless restricted by donors or law.



# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Accounts Receivable

Accounts receivable relate to amounts due from third-party customers for Museum use. The Museum considers an allowance for doubtful accounts for the estimated uncollectible portion of accounts receivable. This estimate is based on historical experience and management's review of the current status of receivables. Accounts are written off to bad debts when deemed uncollectible. There were no accounts deemed uncollectible at April 30, 2018.

#### 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 purchased by the Museum 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.

#### Membership Revenue

Membership dues are recognized as revenue in the year corresponding to the membership.

#### Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted support. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted support. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If donor restrictions expire in the same year as the contribution, the contribution is recorded as unrestricted.

Gifts of land, buildings, equipment, and other long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted support. Absent explicit donor time stipulations, temporarily restricted net assets are reclassified as unrestricted net assets when the long-lived assets are placed in service.

Numerous individuals volunteer their time in support of the Museum's programs. The value of these services is not recognized as revenue as they do not meet recognition criteria. The number of hours of contributed services totaled 3,513 during the year ended April 30, 2018.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Contributions (continued)

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Those gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. The Museum records an allowance for uncollectible pledges based on review of individual pledges. There were no pledges deemed uncollectible at April 30, 2018.

#### Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Income Taxes

The IRS has ruled that the Museum qualifies under Section 501(c)(3) of the Internal Revenue Code ("IRC"). 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.

The Museum applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of April 30, 2018.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of April 30, 2018.

#### Advertising Expense

Advertising and marketing costs are expensed as incurred. For the year ended April 30, 2018, advertising expense totaled \$130,598.

#### 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised 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 guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018.

In August 2016, the FASB issued ASU No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to all not-for-profit entities. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; and requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017, with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented.

The Museum is currently evaluating the impacts of the pending adoption of the new standards on its financial statements.

#### Subsequent Events

The Museum has evaluated all subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 2 - Investments**

Investments consisted of the following as of April 30, 2018:

Cash equivalents	\$ 8,389,346
Equity mutual funds and exchange traded funds	2,038,587
Common stock	2,386,259
Fixed income mutual funds and exchange traded funds	883,740
Corporate bonds	1,334,697
Alternative investment mutual funds	<u>4,520,813</u>
Total	<u>\$ 19,553,442</u>

Investment return consisted of the following for the year ended April 30, 2018:

Interest income	\$ 7,147
Dividends and interest - reinvested	542,552
Net unrealized/realized gains on investments	<u>202,114</u>
Total return on investments	<u>\$ 751,813</u>

### **Note 3 - Property and Equipment**

The Museum's property and equipment comprised the following as of April 30, 2018:

Land	\$ 509,930
Land improvements	2,927,001
Building	9,904,498
Building improvements	2,932,649
Building renovation	4,377,632
Equipment	775,534
Furniture and fixtures	437,838
Vehicles	<u>43,229</u>
	21,908,311
Less accumulated depreciation	<u>(9,953,186)</u>
	<u>\$ 11,955,125</u>

### **Note 4 - 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.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 4 - Art Collection (continued)**

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, recordkeeping 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 5 - Line-of-Credit**

The Museum has a \$500,000 line-of-credit with a bank, which bears interest at 0.5% above the prime rate per annum, currently 5%, maturing in March 2019. There was no outstanding balance on the line-of-credit as of April 30, 2018.

### **Note 6 - Retirement Plan**

The Museum has a defined contribution retirement plan under IRC Section 403(b), in addition to a 403(b) salary reduction plan and a Section 125 plan, all of which cover substantially all of the Museum's qualified employees. The 403(b) defined contribution retirement plan is funded with discretionary contributions by the Museum. The Museum contributed \$67,926 to this plan in fiscal year 2018.

### **Note 7 - Beneficial Interest in Remainder Trust**

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 3.2% discount rate.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 8 - Temporarily and Permanently Restricted Net Assets**

The temporarily restricted net assets are restricted by the donors to be used only for the following purposes as of April 30, 2018:

Funding of art and library acquisitions and their conservation	\$ 435,529
Unappropriated endowment earnings	2,238,375
Funding for start-up of capital campaign, building redesign and other capital projects	1,273,612
Funding of special exhibits	131,038
Purchase of property or equipment	688,676
Contributions and sponsorships for future years	93,925
Funding of Western Visions show and sale	11,705
Other	<u>80,223</u>
Total	<u>\$ 4,953,083</u>

The permanently restricted net assets comprised the following assets as of April 30, 2018:

Beneficial interest in remainder trust	\$ 1,511,383
Investments in cash and money market funds	7,493,887
Investments in marketable securities	8,174,712
Less net excess fair value of endowments over historical cost classified as temporarily restricted net assets	<u>(2,238,375)</u>
Total	<u>\$ 14,941,607</u>

Approximately 21% of endowment funds are for educational programs, with the remainder designated for exhibits and other related programs.

### **Note 9 - Fair Value Measurements**

The Museum values its financial assets and liabilities based on 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. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs where little or no market data is available, which requires the reporting entity to develop its own assumptions.

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### Note 9 - Fair Value Measurements (continued)

In determining fair value, the Museum utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual funds, exchange traded funds, and common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds:* Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

*Beneficial interest in remainder trust:* Consists of a trust that is comprised of money markets, mutual funds, and equity securities valued at the closing price reported on the active market on which the individual securities are traded, less value of assets expected to be paid to lead recipients.

There were no changes in valuation techniques during the year.

Financial assets carried at fair value as of April 30, 2018 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds and exchange traded funds:				
Equities	\$ 2,038,587	\$ -	\$ -	\$ 2,038,587
Fixed income	883,740	-	-	883,740
Alternative investments	4,520,813	-	-	4,520,813
Corporate bonds	-	1,334,697	-	1,334,697
Common stock	2,386,259	-	-	2,386,259
Beneficial interest in remainder trust	-	1,511,383	-	1,511,383
Total	<u>\$ 9,829,399</u>	<u>\$ 2,846,080</u>	<u>\$ -</u>	12,675,479
Cash (not subject to classification) included in investment balances				<u>8,389,346</u>
Total				<u>\$ 21,064,825</u>

# NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES

## Notes to Financial Statements

### **Note 9 - Fair Value Measurements (continued)**

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

Investments	\$ 584,853
Beneficial interest in remainder trust	1,511,383
Long-term investments	<u>18,968,589</u>
Total	<u>\$ 21,064,825</u>

### **Note 10 - Endowments**

The Museum has an endowment portfolio whose primary objective 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.

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 permanently restricted net assets 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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.



**NATIONAL MUSEUM OF WILDLIFE ART OF THE UNITED STATES**

**Notes to Financial Statements**

**Note 10 - Endowments (continued)**

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% of average market values of the endowment's underlying investments over a period of not 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, 2018**

	<u>Board- Designated Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 3,193,788	\$ 1,934,619	\$ 8,318,785	\$ 13,447,192
Investment return				
Investment income	51,275	138,928	-	190,203
Change in value of beneficial interest in remainder trust	-	-	122,822	122,822
Net appreciation	<u>136,067</u>	<u>383,689</u>	<u>-</u>	<u>519,756</u>
Total investment return	<u>187,342</u>	<u>522,617</u>	<u>122,822</u>	<u>832,781</u>
Appropriation of endowment assets for expenditure	(81,139)	(218,861)	-	(300,000)
Addition to endowment	<u>-</u>	<u>-</u>	<u>6,500,000</u>	<u>6,500,000</u>
Endowment assets, end of year	<u>\$ 3,299,991</u>	<u>\$ 2,238,375</u>	<u>\$ 14,941,607</u>	<u>\$ 20,479,973</u>

The Museum's endowment is comprised of donor-restricted and Board-designated funds.