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**NEW ORLEANS MUSEUM OF ART**  
**FINANCIAL STATEMENTS AND SCHEDULES**  
**DECEMBER 31, 2019**

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**NEW ORLEANS MUSEUM OF ART**

Financial Statements and Schedules

December 31, 2019

With Independent Auditors' Report Thereon

**NEW ORLEANS MUSEUM OF ART**

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## **Independent Auditors' Report**

The Board of Trustees  
New Orleans Museum of Art:

We have audited the accompanying financial statements of the New Orleans Museum of Art (a nonprofit organization) (the Museum), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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 on previous page present fairly, in all material respects, the financial position of the New Orleans Museum of Art as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Museum adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and Accounting Standards Update No. 2018-08, *Non-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in the current year. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the New Orleans Museum of Art is being impacted by disruptions in the economy and business interruptions associated with the coronavirus (COVID-19) pandemic. The Museum expects this matter to negatively impact its operating results and cash flows in the near future. Our opinion is not modified with respect to this matter.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
June 29, 2020

**NEW ORLEANS MUSEUM OF ART**

Statements of Financial Position

December 31, 2019 and 2018

<b>Assets</b>		<b>2019</b>	<b>2018</b>
		<u>2019</u>	<u>2018</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$	564,840	\$ 780,900
Promises to give (note 5)		2,616,210	2,892,019
Accounts receivable		89,968	95,162
Inventories		353,519	310,717
Prepaid expenses		151,253	110,130
Total current assets		<u>3,775,790</u>	<u>4,188,928</u>
Restricted cash		2,226,805	2,207,986
Promises to give, long-term (note 5)		4,029,833	3,695,729
Investments, long-term and real property (note 3)		57,252,809	53,371,691
Buildings, improvements and equipment, net (note 4)		<u>26,856,810</u>	<u>22,008,487</u>
Total assets	\$	<u><u>94,142,047</u></u>	\$ <u><u>85,472,821</u></u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$	235,040	\$ 108,909
Construction related accounts payable		363,319	609,408
Accrued payroll and related expenses		374,306	444,470
Deferred revenue		395,372	-
Lines of credit (note 6)		866,210	-
Total current liabilities		<u>2,234,247</u>	<u>1,162,787</u>
Lines of credit (note 6)		<u>3,968,375</u>	<u>6,180,382</u>
Total liabilities		<u>6,202,622</u>	<u>7,343,169</u>
<b>Net assets</b>			
<b>Without donor restrictions:</b>			
Programming, general operations and improvements		25,914,978	21,208,446
Board designated quasi-endowment		15,289,541	14,045,081
Total net assets without donor restrictions		<u>41,204,519</u>	<u>35,253,527</u>
With donor restrictions		46,734,906	42,876,125
Total net assets		<u>87,939,425</u>	<u>78,129,652</u>
Total liabilities and net assets	\$	<u><u>94,142,047</u></u>	\$ <u><u>85,472,821</u></u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS MUSEUM OF ART

Statements of Activities

Years ended December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue:						
Support:						
Individual contributions	\$ 189,438	\$ 2,360,456	\$ 2,549,894	\$ 272,895	\$ 1,682,062	\$ 1,954,957
City, state, and federal grants	157,731	68,347	226,078	133,932	-	133,932
Corporate support	72,405	141,972	214,377	74,910	334,500	409,410
Affiliate memberships	384,721	-	384,721	442,872	-	442,872
Fundraising events (net of direct costs)	551,347	-	551,347	677,965	-	677,965
Legacies and bequests	1,024,087	1,001,000	2,025,087	20,000	10,850	30,850
Foundations	506,355	6,732,897	7,239,252	519,498	9,646,848	10,166,346
Total support	2,886,084	10,304,672	13,190,756	2,142,072	11,674,260	13,816,332
Revenue:						
Memberships	463,674	-	463,674	483,994	-	483,994
Admissions	741,657	-	741,657	840,710	-	840,710
Programs	91,247	-	91,247	158,763	-	158,763
Auxiliary activities	573,831	-	573,831	844,741	214,343	1,059,084
Investment income (loss), net	4,428,310	4,325,069	8,753,379	(866,080)	(1,536,460)	(2,402,540)
Miscellaneous	21,830	24,783	46,613	53,001	9,846	62,847
Deaccessions	-	511	511	-	2,300	2,300
Total revenue	6,320,549	4,350,363	10,670,912	1,515,129	(1,309,971)	205,158
Total support and revenue before net assets released from restrictions	9,206,633	14,655,035	23,861,668	3,657,201	10,364,289	14,021,490
Net assets released from restrictions (note 7)	10,796,259	(10,796,259)	-	18,036,550	(18,036,550)	-
Total support and revenue	\$ 20,002,892	\$ 3,858,776	\$ 23,861,668	\$ 21,693,751	\$ (7,672,261)	\$ 14,021,490

(continued)

NEW ORLEANS MUSEUM OF ART

Statements of Activities

Years ended December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses:						
Art and education:						
Exhibitions and programming	\$ 4,939,076	\$ -	\$ 4,939,076	\$ 4,750,821	\$ -	\$ 4,750,821
Art accessions not capitalized	4,317,791	-	4,317,791	5,572,409	-	5,572,409
Support services:						
Management and general:						
Management and general	1,740,269	-	1,740,269	2,189,820	-	2,189,820
Building and security	1,446,647	-	1,446,647	1,365,889	-	1,365,889
Fundraising and membership	1,294,749	-	1,294,749	1,266,871	-	1,266,871
Total expenses	13,738,532	-	13,738,532	15,145,810	-	15,145,810
Change in net assets	6,264,360	3,858,776	10,123,136	6,547,941	(7,672,261)	(1,124,320)
Net assets at beginning of year, as previously reported	35,253,527	42,876,125	78,129,652	28,705,586	50,548,386	79,253,972
Impact of change in accounting policy (note 1j)	(313,368)	-	(313,368)	-	-	-
Net assets at beginning of year, as adjusted	34,940,159	42,876,125	77,816,284	-	-	-
Net assets at end of year	\$ 41,204,519	\$ 46,734,906	\$ 87,939,425	\$ 35,253,527	\$ 42,876,125	\$ 78,129,652



**NEW ORLEANS MUSEUM OF ART**

Statements of Cash Flows

Years ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Cash received from government entities	\$ 226,078	\$ 133,932
Cash received from contributors and private grantors	3,660,428	2,604,016
Cash received from memberships and member activities	554,069	707,634
Cash received for admissions and auxiliary operations	1,446,988	1,899,794
Interest and dividends received	919,986	518,852
Cash paid to employees and suppliers	(8,878,588)	(8,582,662)
Net cash used in operating activities	(2,071,039)	(2,718,434)
Cash flows from investing activities:		
Purchases of investments	(5,130,767)	(47,366,222)
Proceeds from maturities/sales of investments	9,083,042	49,844,168
Proceeds from sales of deaccessioned art	511	2,300
Purchases of art acquisitions	(4,317,791)	(5,572,409)
Payments for Sculpture Garden construction, Auditorium design and equipment	(5,551,049)	(10,033,730)
Net cash used in investing activities	(5,916,054)	(13,125,893)
Cash flows from financing activities:		
Proceeds from restricted contributions	2,391,500	399,660
Proceeds from Sculpture Garden lines of credit	1,084,623	6,180,382
Payments on Sculpture Garden lines of credit	(2,430,420)	-
Contributions received for Sculpture Garden construction	3,112,260	3,299,585
Contributions received for Sculpture Garden artwork	2,931,887	6,235,425
Contributions received for the Auditorium Renovation	700,000	500,000
Net cash provided by financing activities	7,789,850	16,615,052
Net (decrease) increase in cash and cash equivalents	(197,243)	770,725
Cash and cash equivalents at beginning of year	2,988,886	2,218,161
Cash and cash equivalents at end of year	\$ 2,791,645	\$ 2,988,886
Composition of cash and cash equivalents at end of year:		
Cash and cash equivalents	\$ 564,840	\$ 780,900
Restricted cash	2,226,805	2,207,986
	\$ 2,791,645	\$ 2,988,886
<b><u>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY</u></b>		
Accounts payable for Sculpture Garden construction	\$ (475,556)	\$ 278,042

The accompanying notes are an integral part of these financial statements.

# NEW ORLEANS MUSEUM OF ART

## Notes to Financial Statements

December 31, 2019 and 2018

### **(1) Summary of Significant Accounting Policies**

#### **(a) *History and Organization***

The New Orleans Museum of Art (the Museum) opened in 1911 and has become an iconic presence synonymous with the City of New Orleans. The Museum is a cultural convener and destination in the South and is recognized internationally for an excellent collection, innovative education initiatives, a strong commitment to diverse audiences, and a renowned sculpture garden. The Museum is organized as a private, nonprofit corporation, chartered in the State of Louisiana and granted 501(c)(3) status by the Internal Revenue Service. It is governed by a 45-member Board of Trustees, serving staggered three-year terms. The Museum is affiliated with the City of New Orleans with an unattached board. The building occupied by the Museum is owned by the City of New Orleans, and the Museum has had full use of the facility at no charge since 1911. The eleven acre Sydney and Walda Besthoff Sculpture Garden at the Museum is one of the most important sculpture garden installations in the United States. All works of art are owned by the aforementioned nonprofit corporation, the New Orleans Museum of Art. The art collection is maintained for public exhibition, education, and research in furtherance of public service rather than for financial gain.

#### **(b) *Financial Statement Presentation***

The financial statements of the Museum are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets 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 restrictions, a board designated quasi-endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

#### **(c) *Cash and Cash Equivalents***

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits and money market accounts. The Museum considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Restricted cash includes amounts restricted for Auditorium Renovations and art acquisition.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies (continued)**

**(d) *Promises to Give***

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. The Museum provides for an allowance for uncollectible unconditional promises receivable when necessary based on prior years' experience and management's analysis of specific promises made. At December 31, 2019 and 2018, the allowance was \$-0-. Promises to give that are expected to be collected in future years are considered long-term and are recorded at the net realizable value of estimated future cash flows.

**(e) *Inventory***

The Museum's shop inventory is valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

**(f) *Investments***

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**(g) *Buildings, Improvements and Equipment***

Buildings, improvements and equipment are recorded at cost if purchased or fair value if donated. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Maintenance and repairs are expensed as incurred and major improvements are capitalized. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using appraisals. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recorded by management during the years ended December 31, 2019 and 2018.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies (continued)**

**(h) Art Collections**

In conformity with the practice followed by many museums, art purchased and donated is not capitalized. During 2019 and 2018, the cost of collection items purchased and reported by the Museum as a decrease in net assets without donor restriction was \$4,317,791 and \$5,572,409, respectively. When not on display in the permanent collection galleries, the objects are maintained in climate controlled storage. The Museum maintains policies and procedures addressing the maintenance and conservation of the collections, as well as other aspects of its management, including accession/deaccession policies.

The Museum employs a professional curatorial staff whose function is to care for its collections; carry out research on the objects in the collections; organize special exhibitions on particular subjects or themes; write scholarly interpretative articles, catalogues, and books on art subjects; recommend and oversee needed restoration and conservation treatment on objects in the collections; cultivate and advise private art collectors and encourage donations; seek out and recommend objects for acquisition or deaccession by the Museum; train volunteer docents to give guided tours of the Museum; devise and implement educational programs such as lectures, symposiums, films, concerts, family festivals on specific themes, studio art classes, and other outreach methods; family and teacher workshops for designated public schools.

**(i) Vacation and Sick Pay**

The Museum's vacation pay (annual leave) and sick pay (sick leave) are accrued when earned. The Museum's policy permits employees a limited amount of earned but unused vacation which will be paid to employees upon separation from the Museum. The amount of annual leave shall not exceed twenty-five (25) days for employees. Five (5) days of sick leave are accrued at the beginning of the year and employees may accumulate up to thirty (30) days. There is no payout of sick leave available to employees upon separation from the Museum.

**(j) Revenue Recognition**

The FASB has issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption.

The Museum has adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended as of January 1, 2019, using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the guidance as an adjustment to opening net assets without donor restrictions as of January 1, 2019. Therefore, the comparative information has not been adjusted.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies (continued)**

**(j) Revenue Recognition (continued)**

As part of the adoption of Accounting Standards Codification (“ASC”) 606, the Museum elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption resulted in a decrease to beginning net assets without donor restriction of \$313,368 as of January 1, 2019. The cumulative effect adjustment is related to membership and private event revenue recognition.

Under the new standard, revenue is recognized in accordance with the transfer of services to customers at an amount that reflects the consideration that the Museum expects to be entitled to for those services.

The Museum recognizes revenue from ticket sales at the time of admission. Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Museum recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. The Museum records fundraising events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

**(k) Contributions, Donated Services and In-Kind Contributions**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions and promises to give are not recognized until the conditions on which they depend have been substantially met.

Volunteers contribute significant time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

**(l) Income Taxes**

The Museum is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Museum has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Museum has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies (continued)**

**(m) Use of Estimates**

Management of the Museum has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, the valuation of fixed assets, and investments.

**(n) Financial Instruments and Credit Risk**

The Museum manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Museum has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of the Museum's mission. Investments are made by diversified investment managers whose performance is monitored by staff and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, staff and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

**(o) Reclassification**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

**(p) Recent Accounting Pronouncements - Adopted**

*Contributions*

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard was implemented for the year ended December 31, 2019. There was no material impact as a result of implementation.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies (continued)**

**(q) Recent Accounting Pronouncements – Not Yet Adopted**

*Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings (net assets). This standard will be effective for the Museum for the year beginning after December 15, 2021.

The Museum is currently assessing the impact of this pronouncement on its financial statements.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(2) Liquidity and Availability**

The Museum receives significant contributions with donor restrictions, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs and operations. In addition, the Museum receives support without donor restrictions; such support has historically represented approximately 60% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

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 long-term obligations will continue to be met.

The following tables show the total financial assets held by the Museum and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
<b>Financial assets at year end:</b>		
Cash and cash equivalents	\$ 2,791,645	\$ 2,988,886
Promises to give	6,686,043	6,587,748
Accounts receivable	89,968	95,162
Investments	56,816,549	52,935,431
<b>Total financial assets at year-end</b>	<u>\$ 66,384,205</u>	<u>\$ 62,607,227</u>
<b>Financial assets available to meet general expenditures over the next 12 months:</b>		
Cash and cash equivalents	\$ 564,840	\$ 364,990
Accounts receivable	83,792	38,986
Donor-restricted endowment appropriations over next 12 months	1,510,018	1,499,747
Board restricted quasi-endowment appropriations over next 12 months	885,720	797,832
<b>Total financial assets available to meet general expenditures over the next 12 months</b>	<u>\$ 3,044,370</u>	<u>\$ 2,701,555</u>



NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(3) Investments**

The market value of investments is as follows at December 31:

	<b>2019</b>	<b>2018</b>
Cash equivalents	\$ 254,895	\$ 531,118
Mutual funds	36,261,913	30,717,715
Corporate stocks	335,184	272,220
Real property	436,260	436,260
Hedge funds	19,706,275	21,183,612
Other	258,282	230,766
	<u>\$ 57,252,809</u>	<u>\$ 53,371,691</u>

Investments are held for the following purposes:

	<b>2019</b>	<b>2018</b>
Without donor restrictions, substantially board designated	<u>\$ 14,225,717</u>	<u>\$ 13,149,886</u>
With donor restrictions:		
Operating:		
Capital	2,199,585	2,558,860
Curatorship, functioning as endowments	6,316,410	5,488,532
Directorship, functioning as endowments	1,701,970	1,533,047
Education programs	1,181,183	1,013,711
Gallery maintenance	1,140,226	1,016,594
Exhibitions and programming	15,938,656	15,416,778
Scholar programs	396,299	372,152
	<u>28,874,329</u>	<u>27,399,674</u>
Art accessions	14,152,763	12,822,131
	<u>\$ 57,252,809</u>	<u>\$ 53,371,691</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

(4) Buildings, Improvements, and Equipment

Buildings, improvements, and equipment consist of the following at December 31:

<b>2019</b>				
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Estimated useful lives</b>
Building improvements	\$ 18,339,112	\$ (11,504,713)	\$ 6,834,399	39-40 years
Equipment	1,145,529	(866,735)	278,794	5-7 years
Vehicles	94,246	(66,764)	27,482	5 years
Land improvements	450,076	(202,534)	247,542	40 years
Sculpture garden	20,386,391	(1,736,201)	18,650,190	40 years
Construction in progress	818,403	-	818,403	N/A
	<u>\$ 41,233,757</u>	<u>\$ (14,376,947)</u>	<u>\$ 26,856,810</u>	
<b>2018</b>				
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Estimated useful lives</b>
Building improvements	\$ 18,324,753	\$ (11,035,913)	\$ 7,288,840	39-40 years
Equipment	1,145,529	(765,377)	380,152	5-7 years
Vehicles	94,246	(57,064)	37,182	5 years
Land improvements	450,076	(191,282)	258,794	40 years
Sculpture garden	3,535,527	(1,346,543)	2,188,984	40 years
Construction in progress	11,854,535	-	11,854,535	N/A
	<u>\$ 35,404,666</u>	<u>\$ (13,396,179)</u>	<u>\$ 22,008,487</u>	

Construction in progress for the years ended December 31, 2019 and 2018 represent construction costs related to the expansion of the Sydney and Walda Besthoff Sculpture Garden and design costs associated with future renovation of the auditorium, courtyard and café. On May 15, 2019 the Museum opened the expansion of the renowned Sydney and Walda Besthoff Sculpture Garden. The expansion is privately funded, with sites for sculptures, an outdoor amphitheater and stage, pedestrian bridges and walkways, a new gallery and an outdoor learning center.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(5) Promises to Give**

Promises to give are dedicated by the donors for the Museum's Endowments, Sculpture Garden, or other operating purposes and represent a promise by the donors to pay after the year end. Promises to give were \$6,646,043 and \$6,587,748 at December 31, 2019 and 2018, respectively, and due in the following installments at December 31:

	<u>2019</u>	<u>2018</u>
2019	\$ -	2,892,019
2020	2,616,210	1,191,892
2021	2,756,500	1,689,625
2022	663,587	429,212
2023	509,746	285,000
2024	100,000	100,000
	<u>\$ 6,646,043</u>	<u>\$ 6,587,748</u>

**(6) Lines of Credit**

On February 2, 2018, the Museum entered into a \$5,500,000 bank line of credit with a local bank that expires on February 2, 2023. The line of credit bears interest at LIBOR plus 2.44% and is secured by pledge receivables of the Museum. Interest is due monthly, with all accrued interest and principal due at maturity. As of December 31, 2019, the Museum had a balance of \$4,834,585 outstanding under this line of credit. For the year ended December 31, 2019, interest expense totaled \$262,139.

On October 10, 2018, the Museum entered into a \$6,500,000 bank line of credit with a local bank that expires on February 2, 2023. The line of credit bears interest at LIBOR plus 2.44% and is secured by pledge receivables of the Museum. Interest is due monthly, with all accrued interest and principal due at maturity. As of December 31, 2019, the Museum had a balance of \$0 outstanding under this line of credit. For the year ended December 31, 2019, interest expense totaled \$42,069.

**(7) Net Assets Released**

Assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose accomplished:		
Exhibitions, programming and capital	\$ 6,478,468	\$ 12,464,141
Art accessions	4,317,791	5,572,409
	<u>\$ 10,796,259</u>	<u>\$ 18,036,550</u>

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(8) Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<b>2019</b>	<b>2018</b>
Art accessions	\$ 14,391,197	\$ 11,698,303
Curatorship	6,316,410	5,497,232
Exhibitions and programming	17,387,563	15,568,226
Directorship	1,701,970	1,533,047
Gallery maintenance	1,116,660	993,693
Education	1,252,638	1,113,711
Capital	4,172,169	6,099,761
Scholar program	396,299	372,152
	<u>\$ 46,734,906</u>	<u>\$ 42,876,125</u>

**(9) Pension Plan**

The Museum sponsors a defined contribution 401(k) Profit Sharing Plan for the benefit of its employees. Employees, who are at least age 21 and have completed one year of service (1,000 hours) are eligible to participate in the Plan. Participants may begin making deferrals the first day of the month following the date on which they meet the eligibility requirements. The Museum makes annual contributions to the Plan in the form of a 3% Safe Harbor non-elective contribution, a matching contribution (up to 3%) and a discretionary non-elective contribution (profit sharing, up to 2%). To receive the matching and discretionary non-elective contribution, participants must have worked 1,000 hours in the Plan Year and be employed on the last day of the Plan Year. Employees covered under the City of New Orleans Service Retirement Plan are not eligible. The Museum accrued and later paid annual contributions of from 6% to 8% of eligible participating employees' wages for the 2018 and 2019 Plan Years. These amounted to \$106,363 and \$168,485 in Safe Harbor and profit sharing contributions and \$70,316 and \$71,686 in employer matching for the years ended December 31, 2019 and 2018, respectively.

Civil service employees of the Museum are eligible for membership in the City of New Orleans Employees' Retirement System. The report on the City of New Orleans Employees' Retirement System can be obtained from the City of New Orleans, Perdido Street, New Orleans, Louisiana. The actuarially computed value of vested benefits of the Museum's employees in the City's pension plan is not available. However, pension payments for these employees are the responsibility of the Museum and amounted to \$29,013 and \$26,759 for the years ended December 31, 2019 and 2018, respectively.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(10) Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of usage, time, and effort.

Expenses by natural classification and function have been incurred for the following for the years ended December 31, 2019 and 2018:

	<b>2019</b>				
	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	<u>Art and Education Activities</u>	<u>Management and General</u>	<u>Fundraising and Membership</u>		
Salaries, wages, and benefits	\$ 2,119,068	\$ 2,402,149	\$ 778,868	\$ 5,300,085	
Occupancy	98,585	91,570	-	190,155	
Telephone	443	7,958	-	8,401	
Shipping & Postage	521,924	17,623	6,026	545,573	
Insurance	15,175	53,706	-	68,881	
Repairs & Maintenance	45,616	74,710	-	120,326	
Rentals	105,610	14,651	22,747	143,008	
Dues & Publications	40,668	49,469	40,616	130,753	
Design & Printing	84,844	23,024	43,657	151,525	
Advertising	57,834	2,224	96,443	156,501	
Fundraising	-	2,149	373,809	375,958	
Professional Services	467,957	37,285	110,607	615,849	
Travel & Entertainment	171,057	28,218	132,909	332,184	
Supplies and materials	192,694	101,418	30,284	324,396	
Other Expenses	44,036	1,721	3,363	49,120	
Equipment	125,006	5,357	1,448	131,811	
Cost of goods sold	-	167,761	70	167,831	
Depreciation	848,560	105,923	26,285	980,768	
Art accessions	4,317,790	-	-	4,317,790	
	<u>\$ 9,256,867</u>	<u>\$ 3,186,916</u>	<u>\$ 1,667,132</u>	<u>\$ 14,110,915</u>	
Fundraising expense net with revenues on the Statement of Activities			(372,383)	(372,383)	
	<u>\$ 9,256,867</u>	<u>\$ 3,186,916</u>	<u>\$ 1,294,749</u>	<u>\$ 13,738,532</u>	

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

(10) Expenses (continued)

	<b>2018</b>			
	<u>Program Services</u>	<u>Support Services</u>		
	<b>Art and Education Activities</b>	<b>Management and General</b>	<b>Fundraising and Membership</b>	<b>Total</b>
Salaries, wages, and benefits	\$ 2,095,565	\$ 2,382,118	\$ 782,863	\$ 5,260,546
Occupancy	27,307	74,024	-	101,331
Telephone	416	21,487	-	21,903
Shipping & Postage	508,846	24,483	8,342	541,671
Insurance	19,177	46,069	1,051	66,297
Repairs & Maintenance	13,999	51,735	150	65,884
Rentals	255,501	17,068	8,362	280,931
Dues & Publications	62,132	20,699	22,543	105,374
Design & Printing	196,890	755	39,660	237,305
Advertising	12,284	692	132,009	144,985
Fundraising	-	-	294,921	294,921
Professional Services	748,818	232,441	97,389	1,078,648
Travel & Entertainment	160,104	239,294	88,741	488,139
Supplies and materials	101,117	94,404	62,496	258,017
Other Expenses	136,094	33,986	50	170,130
Equipment	24,419	8,729	398	33,546
Cost of goods sold	-	229,742	-	229,742
Depreciation	624,731	77,983	19,351	722,065
Art accessions	5,335,830	-	-	5,335,830
	<u>\$ 10,323,230</u>	<u>\$ 3,555,709</u>	<u>\$ 1,558,326</u>	<u>\$ 15,437,265</u>
Fundraising expense net with revenues on the Statement of Activities			(291,455)	(291,455)
	<u>\$ 10,323,230</u>	<u>\$ 3,555,709</u>	<u>\$ 1,266,871</u>	<u>\$ 15,145,810</u>

(11) Commitments

The Museum participated in a number of state and federally-assisted grant programs in fiscal year 2019. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Museum believes that the amount of disallowances, if any, which may arise from future audits, will not be material to the financial statements.

# NEW ORLEANS MUSEUM OF ART

## Notes to Financial Statements

December 31, 2019 and 2018

### (12) Fair Value Measurements

Fair value measurement standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

*Mutual funds and corporate stocks:* Valued at fair value by using quoted prices for identical securities.

*Hedge funds:* Valued at fair value by using quoted prices for identical securities or discounted cash flow techniques or valued using net asset value (NAV) as a practical expedient.

*Real property:* Valued at cost which approximates the fair value of the Museum's interest in the property.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(12) Fair Value Measurements (continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Museum's assets at fair value as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 254,895	\$ -	\$ -	\$ 254,895
Mutual funds				
Pooled equity fund	30,566,156	-	-	30,566,156
Total return fund	5,695,757	-	-	5,695,757
Corporate stocks	335,184	-	-	335,184
Hedge funds	5,563,095	-	842,733	6,405,828
Other	-	258,282	-	258,282
Total assets in fair value hierarchy	<u>\$ 42,415,087</u>	<u>\$ 258,282</u>	<u>\$ 842,733</u>	<u>\$ 43,516,102</u>
Investments (hedge funds) measured at net asset value				\$ 13,300,447
Real property				436,260
Investments at fair value				<u>\$ 57,252,809</u>

The following table sets forth by level, within the fair value hierarchy, the Museum's assets at fair value as of December 31, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 531,118	\$ -	\$ -	\$ 531,118
Mutual funds				
Pooled equity fund	24,966,408	-	-	24,966,408
Total return fund	5,751,307	-	-	5,751,307
Corporate stocks	272,220	-	-	272,220
Hedge funds	5,563,095	-	583,275	6,146,370
Other	-	230,766	-	230,766
Total assets in fair value hierarchy	<u>\$ 37,084,148</u>	<u>\$ 230,766</u>	<u>\$ 583,275</u>	<u>\$ 37,898,189</u>
Investments (hedge funds) measured at net asset value				\$ 15,037,242
Real property				436,260
Investments at fair value				<u>\$ 53,371,691</u>



NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(12) Fair Value Measurements (continued)**

The hedge funds include investments in funds that invest in both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. The redemptions of hedge equity fund investments are limited to 25% of an investor's shares on a quarterly basis. The entire balance may be redeemed over 4 quarters with 90 days advance notice.

As required by U.S. GAAP, the following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3). Unrealized gains and/or losses are shown in the statements of activities as "investment income, net".

	<u>Segregated</u>		
	<u>Portfolio</u>	<u>Hedge Funds</u>	<u>Hedged Total</u>
Balance, January 1, 2018	\$ 21,192	\$ 417,114	\$ 438,306
Investment income (loss), net	-	116,610	116,610
Purchases, sales, issuances and settlements, net	(21,192)	49,551	28,359
Balance, December 31, 2018	<u>\$ -</u>	<u>\$ 583,275</u>	<u>\$ 583,275</u>
Balance, January 1, 2019	\$ -	\$ 583,275	\$ 583,275
Investment income (loss), net	-	23,349	23,349
Purchases, sales, issuances and settlements, net	-	236,109	236,109
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ 842,733</u>	<u>\$ 842,733</u>

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Range of Significant Input Values</u>
Hedge Funds	\$ 842,733	Side pocket residual investment	Not applicable

**(13) Endowment Net Assets**

In accordance with the requirement established by the FASB, for endowment funds, the Museum shall provide information about the net assets of its endowment funds. The Museum's Board of Trustees (the Board) is of the belief they have a strong fiduciary duty to manage the assets of the Museum endowments in the most prudent manner possible. The Board recognizes the intent is to protect donor intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If the intent is not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(13) Endowment Net Assets (continued)**

The investment goal is to ensure that the funds are invested for the exclusive benefit of the Museum in a prudent manner so that they will be available to meet the current and future needs of the Museum. It is the objective of this policy to generate long term growth coupled with sufficient income to support the current operating requirements of the Museum. An annual real total return (net of fees) of at least 5% measured over rolling five-year periods is expected. The goals and objectives of the Museum's investment policy are to 1) provide investment earnings adequate to fulfill the desires of donors as stated in the gift instruments, 2) achieve a total return adequate to fund the spending rate plus corpus growth to ensure future benefits to new generations, and 3) invest in a variety of diversified categories so that the diversity of the performance characteristics will reduce the volatility of returns from year to year.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration.

The composition of the Museum's endowments by net asset class as of December 31, 2019 was as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, by type</b>			
Board-designated endowment funds	\$ 15,289,541	\$ -	\$ 15,289,541
Donor-restricted endowment funds	-	38,749,194	38,749,194
Total funds	<u>\$ 15,289,541</u>	<u>\$ 38,749,194</u>	<u>\$ 54,038,735</u>
<b>Changes in endowment net assets</b>			
Endowment net assets, beginning of year	<u>\$ 14,045,081</u>	<u>\$ 34,715,758</u>	<u>\$ 48,760,839</u>
Investment income (loss), net	4,553,200	4,061,479	8,614,679
Legacies and bequests	1,024,087	1,000,000	2,024,087
Contributions	-	319,090	319,090
Subtotal	<u>5,577,287</u>	<u>5,380,569</u>	<u>10,957,856</u>
Other changes:			
Art purchase	-	(492,790)	(492,790)
Operating	(2,814,529)	(75,060)	(2,889,589)
Appropriations	<u>(1,518,298)</u>	<u>(779,283)</u>	<u>(2,297,581)</u>
Subtotal	<u>(4,332,827)</u>	<u>(1,347,133)</u>	<u>(5,679,960)</u>
Endowment net assets, end of year	<u>\$ 15,289,541</u>	<u>\$ 38,749,194</u>	<u>\$ 54,038,735</u>

The Operating change above, (\$2,814,529) includes a transfer of bequests received in 2019 to the Museum's operating fund of (\$1,024,000) and a transfer of (\$1,800,000) from this category to cover a project account deficit incurred by December 31, 2019.

NEW ORLEANS MUSEUM OF ART

Notes to Financial Statements

December 31, 2019 and 2018

**(13) Endowment Net Assets (continued)**

The composition of the Museum's endowments by net asset class as of December 31, 2018 was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, by type</b>			
Board-designated endowment funds	\$ 14,045,081	\$ -	\$ 14,045,081
Donor-restricted endowment funds	-	34,715,758	34,715,758
Total funds	<u>\$ 14,045,081</u>	<u>\$ 34,715,758</u>	<u>\$ 48,760,839</u>
<b>Changes in endowment net assets</b>			
Endowment net assets, beginning of year	<u>\$ 16,110,054</u>	<u>\$ 37,213,369</u>	<u>\$ 53,323,423</u>
Investment income (loss), net	(781,051)	(1,428,661)	(2,209,712)
Legacies and bequests	20,000	-	20,000
Contributions	-	450,000	450,000
Subtotal	<u>(761,051)</u>	<u>(978,661)</u>	<u>(1,739,712)</u>
Other changes:			
Art purchase	-	(584,639)	(584,639)
Operating	(30,110)	(73,506)	(103,616)
Appropriations	(1,273,812)	(860,805)	(2,134,617)
Subtotal	<u>(1,303,922)</u>	<u>(1,518,950)</u>	<u>(2,822,872)</u>
Endowment net assets, end of year	<u>\$ 14,045,081</u>	<u>\$ 34,715,758</u>	<u>\$ 48,760,839</u>

**(14) Expenses Paid by Related Party**

The City of New Orleans pays certain costs on behalf of the Museum, including fine art insurance, property insurance, phone and internet service, and electric utilities. These expenses have been estimated at \$675,000 for each of the years ended December 31, 2019 and 2018. These costs have not been reflected on the statements of activities of the Museum.

**(15) Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2020, and determined that there were no other subsequent events requiring disclosure except as noted below. No events occurring after this date have been evaluated for inclusion in these financial statements.

# NEW ORLEANS MUSEUM OF ART

## Notes to Financial Statements

December 31, 2019 and 2018

### **(15) Subsequent Events (continued)**

On April 22, 2020, the Museum modified its lending arrangement dated February 2, 2018 to increase lending capacity such that the total amount available is \$9,634,585. The loan due date was extended and is due by April 21, 2025. The additional amount available is \$4,800,000 and amounts drawn will be used to complete Auditorium construction and manage cash flow while related pledges are collected. The loan is expected to be repaid with pledge payments outstanding from the Sculpture Garden Expansion project and the Auditorium project. The loan bears interest at one month LIBOR plus 206 basis points and is secured by pledges and investments. At May 31, 2020, the amount outstanding under this arrangement was \$4,835,000.

On April 22, 2020, the Museum entered into a working capital credit line arrangement with a regional bank that allows for draws of up to \$4,000,000 and accrues interest at LIBOR plus 206 basis points. The arrangement is secured by pledges receivable and investments and matures on April 20, 2021. At May 31, 2020, the amount outstanding under this arrangement was \$0.

On January 8, 2020, the Museum signed a construction contract with Broadmoor, L.L.C. to renovate and improve the Museum's auditorium and café for a contract sum of \$5.4 million. Construction began in January 2020 and is expected to conclude by October 2020. By May 31, 2020 the approved contract sum was \$5.7 million.

On February 1, 2020, the Museum and 310 Chartres, Inc. (310) entered into an agreement whereby 310 would pay for certain Museum café improvements and equipment of up to approximately \$1.1 million in exchange for the right to operate the café and provide catering services for an initial 7-year term. 310 has 3 additional 3-year options to extend the contract. 310 retains certain ownership rights in the equipment and improvements. Such rights will be amortized over the initial contract term.

On April 15, 2020, the Museum was advanced \$933,600 under the CARES Act Payroll Protection Program.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Museum's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

**NEW ORLEANS MUSEUM OF ART**  
**SUPPLEMENTARY INFORMATION**  
DECEMBER 31, 2019

**NEW ORLEANS MUSEUM OF ART**  
**Schedules of Endowment Funds**  
**December 31, 2019 and 2018**

Endowment Funds include both donor and board restricted funds and earnings thereon which have not yet been expended for the purposes stipulated by the donor or board. The Endowment Funds are comprised of the following as of December 31:

	<b>2019</b>	<b>2018</b>
	<b>Total</b>	<b>Total</b>
	<b>Net Assets</b>	<b>Net Assets</b>
<b>Acquisitions Endowment Funds</b>		
William McDonald and Eva Carol Boles Endowment Fund	\$ 4,440,002	\$ 3,997,949
George Frierson Art Purchase Fund	1,531,370	1,304,786
Robert Gordy Art Purchase Fund	1,214,708	1,043,680
Russell Albright Photography Fund	1,000,000	-
Carmen Donaldson Art Purchase Fund	824,727	836,830
Carrie Heiderich Acquisition Fund	692,329	589,890
Elise Mayer Bestoff Endowment Fund	470,586	401,937
Mervin G. Morais Endowment for Decorative Arts	472,084	370,728
Tina Freeman Photography Art Purchase Fund	377,036	321,249
P.R. and Sunny Norman Art Purchase Fund	343,098	302,557
Joel Weinstock Art Purchase Fund	322,601	285,519
Francoise Billion Richardson African Art Acquisition Fund	273,418	256,393
Augusta M. Jourdan Art Purchase Fund	19,179	19,451
Benjamin J. Harrod Art Purchase Fund	22,263	18,969
	<u>12,003,401</u>	<u>9,749,938</u>
<b>Total Acquisitions Endowment Funds</b>		
<b>Exhibition and Program Endowment Funds</b>		
Favrot Architecture and Design Endowment Fund	416,980	375,739
Azby Endowment Fund	351,478	313,536
Charlotte Mann & Joshua Mann Paillet Endowment Fund	291,675	262,778
Elise M. Besthoff Charitable Foundation Gallery	281,418	250,000
George F. Lapeyre Fund	248,656	223,319
Chapman H. Hyams 1951 Trust Fund	292,846	257,893
Chapman H. Hyams 1952 Trust Fund	25,631	22,602
	<u>1,908,684</u>	<u>1,705,867</u>
<b>Total Exhibition and Program Endowment Funds</b>		
<b>Position Endowment Funds</b>		
RosaMary Foundation Curator of Decorative Arts and Design	1,760,031	1,585,316
Zemurray Foundation Curatorial Fellow for Spanish Colonial Art	2,495,552	2,046,974
Ella West Freeman Foundation Director's Fund	1,701,970	1,533,046
Freeman Family Curator of Photography	1,450,459	1,306,458
Francoise Billion Richardson Curator of African Art Endowment Fund	610,368	549,786
	<u>8,018,380</u>	<u>7,021,580</u>
<b>Total Position Endowment Funds</b>		
<b>Education Endowment Funds</b>		
Taylor Education Endowment Fund	689,989	622,019
Patrick F. Taylor Scholar Fund	396,299	372,154
MD Van Horn Education Fund	212,815	191,693
Janice Parmelee & Bill Hammack Early Education Fund	228,378	200,000
David & Sara Kelso Early Education Fund	100,000	100,000
	<u>1,627,481</u>	<u>1,485,866</u>
<b>Total Education Endowment Funds</b>		
<b>Operating Endowment Funds</b>		
General Operating Endowment Fund	27,103,228	25,858,768
Besthoff Operating Endowment Fund	1,529,590	1,377,753
Helis Operating Endowment Fund	1,290,881	1,061,067
Collins Diboll Endowment Fund	557,090	500,000
	<u>30,480,789</u>	<u>28,797,588</u>
<b>Total Operating Endowment Funds</b>		
	<u>\$ 54,038,735</u>	<u>\$ 48,760,839</u>
<b>Total Endowment Funds</b>		
<b>Reconciliation with Statements of Financial Position</b>		
Net assets:		
Without donor restrictions		
Net assets without donor restrictions, in operating fund	\$ 25,914,978	\$ 21,208,446
Board designated, functioning as operating endowments	\$ 15,289,541	14,045,081
<b>Total net assets without donor restrictions</b>	<u>\$ 41,204,519</u>	<u>35,253,527</u>
With donor restrictions		
<b>Total net assets</b>	<u>\$ 87,939,425</u>	<u>78,129,652</u>
Less items not included in endowments:		
Net assets without donor restrictions in operating fund	(25,914,978)	(21,208,446)
Net assets with donor restrictions in funds for specified purposes	(7,985,712)	(8,160,367)
	<u>(33,900,690)</u>	<u>(29,368,813)</u>
<b>Total Endowment Funds</b>	<u>\$ 54,038,735</u>	<u>\$ 48,760,839</u>

See accompanying independent auditors' report.

**NEW ORLEANS MUSEUM OF ART**

**Schedule of Compensation, Benefits,  
and Other Payments to Agency Head  
For the Year Ended December 31, 2019**

Agency Head Name: Susan M. Taylor, The Montine McDaniel Freeman Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - Long term disability	-
Benefits - Life Insurance	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<u>\$ -</u>

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

This Museum is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are supported by private funds.

See accompanying independent auditors' report.