

Consolidated Financial Statements and Independent Certified Public Accountants

Dallas Museum of Art

For the years ended June 30, 2020 and 2019



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DALLAS MUSEUM OF ART

JUNE 30, 2020 AND 2019

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LANE GORMAN TRUBITT, LLC
Accountants & Advisors

Report of Independent Certified Public Accountants

Board of Trustees
Dallas Museum of Art

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Dallas Museum of Art and its subsidiaries (collectively referred to as the “Museum”), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum’s preparation and fair presentation of the consolidated 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 Museum’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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of June 30, 2020 and 2019 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 22 to the consolidated financial statements, the World Health Organization has characterized COVID-19 as a pandemic. While the Museum expects this matter to negatively impact its results, the extent of the impact of COVID-19 on the Museum's operational and financial performance will depend on future developments. Our opinion is not modified with respect to that matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Endowment Funds as of June 30, 2020 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Dallas, Texas
November 10, 2020

Dallas Museum of Art
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,250,984	\$ 2,628,234
Investments, at fair value	244,398,089	230,147,658
Contributions receivable, net	12,493,210	16,015,707
Other receivables, net	2,501,961	2,887,690
Accrued investment income	157,266	186,987
Inventories, net	387,217	354,041
Prepaid expenses and deposits	740,200	2,617,800
Beneficial interest in trusts	68,288	68,288
Books, net	557,382	546,067
Property and equipment, net	9,668,044	10,508,114
Total assets	\$ 274,222,641	\$ 265,960,586
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 682,574	\$ 2,249,520
Accrued expenses	7,150,542	5,735,591
Revolving line of credit payable	2,385,000	2,385,000
Deferred revenue	468,958	570,023
Liability on annuity contracts	-	207,852
Notes payable	333,436	471,431
Note payable—SBA Paycheck Protection Program	2,501,003	-
Total liabilities	13,521,513	11,619,417
NET ASSETS		
Without donor restrictions	19,882,563	10,043,265
With donor restrictions		
Restricted by purpose or time	83,791,657	96,819,523
Restricted in perpetuity	157,026,908	147,478,381
	240,818,565	244,297,904
Total net assets	260,701,128	254,341,169
Total liabilities and net assets	\$ 274,222,641	\$ 265,960,586

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

Dallas Museum of Art
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Appropriations from the City of Dallas	\$ 1,069,896	\$ -	\$ 1,069,896
Contributed services	3,122,145	-	3,122,145
Exhibition support	55,000	-	55,000
Contributions	4,977,946	-	4,977,946
Government grants	274,861	-	274,861
Total support	9,499,848	-	9,499,848
Revenue			
Auxiliary activities	3,784,326	910	3,785,236
Education	557,190	-	557,190
Miscellaneous	65,423	58,057	123,480
Total revenue	4,406,939	58,967	4,465,906
Other support and revenue			
Gifts—other than art	5,674,181	16,314,518	21,988,699
Net investment return	384,073	6,756,675	7,140,748
Total other support and revenue	6,058,254	23,071,193	29,129,447
Net assets released from restrictions	21,800,080	(21,800,080)	-
Total support and revenue	41,765,121	1,330,080	43,095,201
Expenses			
Galleries and exhibitions	11,001,249	-	11,001,249
Collections	4,224,936	-	4,224,936
Education	3,649,177	-	3,649,177
Fundraising	6,043,012	-	6,043,012
General and administration	7,007,449	-	7,007,449
Total expenses	31,925,823	-	31,925,823
Change in net assets before change related to collection items not capitalized	9,839,298	1,330,080	11,169,378
Collection items purchased	-	(4,809,419)	(4,809,419)
Change in net assets	9,839,298	(3,479,339)	6,359,959
Net assets at beginning of year	10,043,265	244,297,904	254,341,169
Net assets at end of year	\$ 19,882,563	\$ 240,818,565	\$ 260,701,128

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

Dallas Museum of Art
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Appropriations from the City of Dallas	\$ 1,071,396	\$ -	\$ 1,071,396
Contributed services	3,671,654	-	3,671,654
Exhibition support	71,701	-	71,701
Contributions	5,428,800	-	5,428,800
Government grants	74,000	-	74,000
Total support	10,317,551	-	10,317,551
Revenue			
Auxiliary activities	4,383,700	5,637	4,389,337
Education	823,777	-	823,777
Miscellaneous	104,817	114,034	218,851
Total revenue	5,312,294	119,671	5,431,965
Other support and revenue			
Gifts—other than art	2,283,445	27,786,443	30,069,888
Net investment return	532,244	11,204,465	11,736,709
Total other support and revenue	2,815,689	38,990,908	41,806,597
Net assets released from restrictions	13,744,595	(13,744,595)	-
Total support and revenue	32,190,129	25,365,984	57,556,113
Expenses			
Galleries and exhibitions	12,257,027	-	12,257,027
Collections	4,016,752	-	4,016,752
Education	4,030,481	-	4,030,481
Fundraising	6,116,440	-	6,116,440
General and administration	6,438,388	-	6,438,388
Total expenses	32,859,088	-	32,859,088
Change in net assets before change related to collection items not capitalized	(668,959)	25,365,984	24,697,025
Collection items purchased	(250,000)	(5,939,107)	(6,189,107)
Change in net assets	(918,959)	19,426,877	18,507,918
Net assets at beginning of year	10,962,224	224,871,027	235,833,251
Net assets at end of year	\$ 10,043,265	\$ 244,297,904	\$ 254,341,169

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

Dallas Museum of Art
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 6,359,959	\$ 18,507,918
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	894,305	2,906
Depreciation and amortization	1,012,631	1,304,946
Net realized and unrealized gains on investments	(2,972,710)	(6,268,573)
Contributions restricted for long-term purposes	(13,255,227)	(12,337,169)
Collection items purchased	4,809,419	6,189,107
Change in operating assets and liabilities, net:		
Contributions and other receivables, net	3,013,921	(11,680,557)
Accrued investment income	29,721	(34,188)
Inventories, net	(33,176)	69,029
Prepaid expenses and deposits	1,877,600	(1,551,770)
Accounts payable	(1,566,946)	1,499,792
Accrued expenses	1,414,951	1,198,257
Deferred revenue	(101,065)	(247,869)
Liability on annuity contracts	(207,852)	4,248
Net cash provided by (used in) operating activities	1,275,531	(3,343,923)
Cash flows from investing activities:		
Purchases of books, property, and equipment	(183,876)	(436,908)
Proceeds from sales of investments	9,713,629	24,108,360
Purchases of collection items	(4,809,419)	(6,189,107)
Purchases of investments	(20,991,350)	(25,342,061)
Net cash used in investing activities	(16,271,016)	(7,859,716)
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	9,548,527	7,599,291
Investment in plant	3,706,700	4,737,878
Payments on notes payable	(137,995)	(171,428)
Proceeds from notes payable	2,501,003	-
Net cash provided by financing activities	15,618,235	12,165,741
Increase in cash and cash equivalents	622,750	962,102
Cash and cash equivalents at beginning of year	2,628,234	1,666,132
Cash and cash equivalents at end of year	\$ 3,250,984	\$ 2,628,234
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 44,467	\$ 123,390

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

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NATURE OF OPERATIONS

Dallas Museum of Art (the “Museum”) is a Texas nonprofit corporation serving the Dallas, Texas area by providing art exhibits, education services, lectures, and other public programs to the community. The Museum’s mission is to promote research, dialogue, and public participation, helping to reveal the insights of artists from every continent over the last 5,000 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements under accounting principles generally accepted in the United States of America (“GAAP”) is as follows:

Principles of Consolidation

The Museum consolidates the accounts of the Dallas Museum of Art Leagues (the “Leagues”), Museum Services Corporation (“MSC”), and Art-Facts, Inc. (“Art-Facts”). The Leagues are exempt from federal income tax under the Museum’s determination letter from the Internal Revenue Service and are controlled by the Museum. MSC and Art-Facts are wholly-owned taxable subsidiaries of the Museum.

All significant intercompany accounts and transactions have been eliminated.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of the Museum and/or the passage of time. Other donor-imposed stipulations are permanent in nature, where the donor stipulates that resources be maintained in perpetuity by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the income earned on related investments for general or specified purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on non-endowment investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash and works of art are recorded at their estimated fair value. Contributions to be received after one year from the date of the statements of financial position are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided upon management’s judgment including such factors as prior collection history, type of contribution, nature of fundraising activity, and other relevant factors. The Museum writes off pledges when they become uncollectible.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Realized and unrealized gains (losses) and income on investments of endowment and similar funds are reported as follows:

- as increases (decreases) in net assets with donor restrictions-perpetual in nature if the terms of the gift require that it should be kept in perpetuity and that they be included in the principal of a permanent endowment fund;
- as increases (decreases) in net assets with donor restrictions for a specified purpose if the terms of the gift impose restrictions on their uses or if the funds have not yet been appropriated for expenditure by the Museum in the case of donor-imposed endowments and;
- as increases (decreases) in net assets without donor restrictions in the case of board-designated endowments or in the event that a donor-restricted endowment's fair value falls beneath its corpus.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly-liquid investments purchased with an initial maturity of three months or less, including cash and cash equivalents in the investment portfolio. The Museum maintains its cash and cash equivalents with high credit quality financial institutions in Dallas, Texas, which at times may exceed federally insured limits. The Museum has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity and debt instruments are stated at fair value based on quoted market prices. The Museum also invests in alternative investments. The Museum's investment policy, as approved by the Board of Trustees, permits investments in hedge funds and funds-of-funds. Currently the Museum holds alternative investments with two managers. The carrying amounts of alternative investments are based on net asset value as a practical expedient in estimating fair value. The net asset values are determined by the management of the funds, and Museum management believes that the carrying value is a reasonable estimate of the fair value as of June 30, 2020 and 2019. The net realized and unrealized gains (losses) in fair value of investments are reflected in the consolidated statements of activities and changes in net assets within net investment return.

Contributions Receivable

Contributions receivable are primarily due from foundations and individuals related to gift pledges and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Receivables outstanding more than 90 days are generally considered past due. The Museum writes off receivables when deemed uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Management feels that all outstanding amounts are fully collectible. As such there is no allowance for doubtful accounts at June 30, 2020 and 2019.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Receivables

Other receivables include \$2,433,718 for legal fees incurred as of June 30, 2020 and 2019 for litigation to protect the Museum's interests related to art bequeathed by a donor and now in the Museum's possession and matters related to disputes with foreign taxing authorities over various taxes on real estate formerly owned by the donor. These matters are complex and have been the subject of litigation for approximately 10 years. Management believes this receivable will be fully collected, but due to the complexities of these matters is unable to predict the ultimate outcome or the amount that will be collected.

Inventories

Inventories consist of Museum store inventory and are recorded at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. Management provides for an allowance for obsolete and slow-moving merchandise based on their assessment of historical sales and other relevant factors affecting inventory. The Museum had a reserve for slow-moving inventory of \$44,961 at June 30, 2020 and 2019.

Owned Art Collection

All works of art acquired by the Museum either through purchase or gift on or after October 1, 1984 are owned by the Museum. As of June 30, 2020 and 2019, the Museum owned \$665,863,272 (unaudited) and \$638,020,801 (unaudited) of artwork acquired after October 1, 1984, respectively. However, this does not include works of art on loan from private owners, the Foundation for the Arts, the Munger Fund, or the McDermott Art Fund. Pursuant to a contract between the Foundation for the Arts and the Museum, the art owned by the Foundation for the Arts is for the sole use of the Museum. All works of art acquired prior to October 1, 1984, are owned by the City of Dallas, Texas (the "City").

The Museum accounts for artistic and historic items as collection items if they meet the definition of a collection according to the criteria for recognition under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-360-25-3, *Not-for-Profit Entities—Property, Plant, and Equipment*. The criteria state that to be a collection the assets are (1) held for public exhibition, (2) protected and preserved, and (3) are subject to an organizational policy that requires proceeds from the sale of artifacts to be used to acquire other items for collections absent any donor imposed restrictions. The artifacts are made up of items of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. As of June 30, 2020 and 2019, the Museum has approximately \$422,783,361 (unaudited) and \$403,195,323 (unaudited) of donated artifacts that have not been recorded in the accompanying consolidated financial statements, respectively.

The Museum has a policy of not capitalizing the collection of artistic and historic items in its consolidated financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of works of art are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. The Museum added 248 individual objects to the collection during the year ended June 30, 2020 and 90 individual objects to the collection during the year ended June 30, 2019 through gifts, transfers, or purchases. The Museum purchased and expensed 63 and 75 individual objects during the years ended June 30, 2020 and 2019, respectively. There was one deaccession during the year ended June 30, 2019.

Property and Equipment

Property and equipment are stated at cost or fair value at the date of gift if donated, less accumulated depreciation. The Museum capitalizes items in excess of \$5,000 with a useful life of at least three years. Depreciation is provided on the straight-line method over periods of three to 20 years.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liability on Annuity Contracts

Under charitable gift annuity agreements, the Museum agrees to pay a donor an annuity in consideration for a specific gift. For charitable gift annuities, assets are recorded at fair value when received on the consolidated statement of financial position with liability recognized equal to the present value of amounts which the Museum expects to pay annuity beneficiaries. Changes in the calculated liability due to increases or decreases in the actuarially-determined life expectancy of annuity beneficiaries are reflected as changes in the value of split-interest agreements within general and administration on the consolidated statement of activities and changes in net assets. There were no annuities at June 30, 2020 and one annuity at June 30, 2019, which was calculated using a discount rate of 7.2%. During the years ended June 30, 2020 and 2019 the liability on annuity contract decreased by \$207,852 and \$9,237, respectively.

Beneficial Interest in Trusts

For charitable trusts of which the Museum is not the trustee, contributions are recognized in the year the Museum becomes aware of the existence of the agreement and are valued at the discounted present value of expected future cash flows. The Museum is a beneficiary of a charitable remainder trust. The expected future cash flows have been discounted at 3.02% over the life expectancy of the parties involved and calculated based upon the current fair value of the trust's assets and other factors stipulated in the agreements. The present value of the expected future cash flow has been reflected as a component of beneficial interest in trusts in the consolidated statement of financial position. The change in estimated present value is reflected as a change in value of the trusts in the consolidated statement of activities and changes in net assets.

Deferred Revenue and Charges

The Museum recognizes revenues and expenses of exhibitions during the periods in which the exhibitions are conducted.

Contributed Services

The Museum recognizes contributions of services received if such services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing such skills, and would typically need to be purchased if not contributed.

A substantial number of unpaid volunteers have made significant contributions of their time to the Museum. The value of this contributed time is not reflected in the consolidated financial statements since it does not meet the criteria discussed above.

Membership Revenue

Beginning in January 2013, the Museum returned to free general admission. In addition to providing free general admission for all visitors, the Museum offers memberships to further visitor engagement. The Dallas Museum of Art ("DMA") members program seeks the support of individuals, corporations, and foundations desiring to be a part of the Museum's efforts to deliver access to its extensive collection and diverse public programs. While DMA members receive benefits commensurate with their level of giving, their philanthropic involvement with the Museum enables the Museum to provide free admission to the community at large. DMA members can contribute at a variety of levels, starting at \$100 per year.

Auxiliary Activities Revenue

Auxiliary activities revenue is derived from parking fees, café sales, store sales, and box office sales. Revenue is recognized when the sale occurs and is net of any sales taxes charged to customers.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations from the City of Dallas

The City of Dallas has agreed to pay a portion of providing services such as utilities, grounds, and building maintenance to the Museum. These revenues are recognized during the period the service is performed.

Income Taxes

The Museum is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (“IRC”), as amended, and as a public charity described in Section 501(c)(3) of the IRC. However, income generated from activities unrelated to the Museum’s exempt purpose is subject to tax under the IRC Section 511.

The Museum has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. Accordingly, no additional disclosures have been made in the consolidated financial statements regarding uncertain tax provisions. The Museum, including its underlying subsidiaries, does not have any outstanding interest or penalties, and none have been recorded in the consolidated statements of activities and changes in net assets for the years ended June 30, 2020 and 2019. However, the conclusions regarding accounting for uncertainty in income taxes are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Museum estimates that it incurred \$10,506 and \$19,139 of income taxes on unrelated business income during the years ended June 30, 2020 and 2019, respectively. The Museum’s returns are generally subject to examination for three years after the later of the due date or date of filing.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Museum. These expenses include depreciation, interest, facilities, operations, and maintenance. Natural expenses attributable to more than one functional expense category are allocated using a time and effort cost allocation technique.

Fair Value Measurements

The Museum uses fair value guidance to measure assets and liabilities, including subsequent clarification for measurements in a market that is not active. The Museum considered this guidance with respect to the valuation of its financial and nonfinancial assets and liabilities and their corresponding designations within the fair value hierarchy described in Note 16.

Endowments

Under GAAP, a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) shall classify a portion of a donor-restricted endowment fund of perpetual duration as net assets with donor restrictions. The amount classified as permanently restricted shall be the amount of the fund (a) that must be retained permanently in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, the organization’s governing board determines must be retained (preserved) permanently consistent with the relevant law. For each donor-restricted endowment fund for which the restriction exists until the donor-restricted assets are appropriated for expenditure, the Museum classifies the portion of the fund that is not classified as restricted in perpetuity net assets with donor restrictions (time restricted) until appropriated for expenditure by the Board. The Museum is subject to the version of UPMIFA enacted by the State of Texas and adopted by its Board of Trustees, which is fully described in Note 17.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU 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. The adoption of this accounting standard effective July 1, 2019, did not have a material impact on the Museum’s financial position or changes in its net assets.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which requires only capital leases to be recognized on the statement of financial position - the new ASU will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Early application of the amendments in this ASU is permitted.

In May 2014, the FASB issued ASU 2014-09, *Revenue Recognition (Topic 606): Revenue from Contracts with Customers*. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of 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. ASU 2014-09 is effective for fiscal years beginning after December 15, 2019 and for interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in this ASU is permitted.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit (“NFP”) entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application of the amendments is permitted. The amendments in this ASU should be applied on a retrospective basis.

The Museum is currently assessing the impact that these recent accounting pronouncements will have on its consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications did not affect the net asset balances reported in the prior year.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. INVESTMENTS

Investments at fair value consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Short-term investments	\$ 13,065,972	\$ 1,949,493
Equity securities	142,907,722	146,773,539
Corporate bonds and other debt securities	42,062,773	34,758,795
Alternative investments	<u>46,361,622</u>	<u>46,665,831</u>
	<u>\$ 244,398,089</u>	<u>\$ 230,147,658</u>

The following summarizes total net investment return:

	<u>2020</u>	<u>2019</u>
Dividends and interest income	\$ 4,168,038	\$ 5,468,136
Net realized gain on investments	2,153,569	5,528,475
Net unrealized gain on investments	<u>819,141</u>	<u>740,098</u>
Total net investment return	<u>\$ 7,140,748</u>	<u>\$ 11,736,709</u>

Investment fees and expenses are \$43,139 and \$43,830 for the years ended June 30, 2020 and 2019, respectively.

3. LIQUIDITY

The following table reflects the Museum's financial assets as of June 30, 2020 and 2019, respectively reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, receivables for complex litigation, subject to donor restrictions, or because the Board of Trustees has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 3,250,984	\$ 2,628,234
Investments, at fair value	244,398,089	230,147,658
Contributions receivable, net	12,493,210	16,015,707
Other receivables, net	2,501,961	2,887,690
Accrued investment income	<u>157,266</u>	<u>186,987</u>
Financial assets, at year-end	<u>262,801,510</u>	<u>251,866,276</u>
Less: amounts unavailable for general expenditure within one year:		
Donor restrictions for perpetual purposes	(157,026,908)	(147,478,381)
Donor restrictions for time or purposes beyond one year	(59,275,297)	(61,255,181)
Long-term contributions receivable	(7,227,500)	(11,584,028)
Board designated reserves	(15,299,739)	(11,655,913)
Litigation receivable	<u>(2,433,718)</u>	<u>(2,433,718)</u>
	<u>(241,263,162)</u>	<u>(234,407,221)</u>
Liquidity resources:		
Bank lines of credit	<u>7,615,000</u>	<u>2,615,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 29,153,348</u>	<u>\$ 20,074,055</u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. RISKS AND UNCERTAINTIES

The Museum invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Museum's account balances and the amounts reported in the consolidated statements of financial position.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give at June 30:

	<u>2020</u>	<u>2019</u>
Endowments and specified purpose	\$ 11,114,309	\$ 13,682,793
Operating	<u>1,725,919</u>	<u>2,959,167</u>
	12,840,228	16,641,960
Less unamortized discount	<u>(347,018)</u>	<u>(626,253)</u>
Contributions receivable, net	<u>\$ 12,493,210</u>	<u>\$ 16,015,707</u>

Contributions receivable were discounted using rates ranging from 1.73% to 3.07%.

Contributions receivable expected to be collected in:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 5,612,728	\$ 5,057,932
One to five years	6,933,750	11,096,528
After five years	<u>293,750</u>	<u>487,500</u>
	<u>\$ 12,840,228</u>	<u>\$ 16,641,960</u>

The Museum has been notified that it has been included in various wills of deceased individuals. A receivable has not been recorded as the amounts, which are receivable from the estate, are not known as of the date of the report.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures, and improvements	\$ 19,884,716	\$ 19,812,886
Equipment and software	<u>3,272,241</u>	<u>3,229,933</u>
	23,156,957	23,042,819
Less accumulated depreciation and amortization	<u>(13,503,313)</u>	<u>(12,549,105)</u>
	9,653,644	10,493,714
Construction in progress	<u>14,400</u>	<u>14,400</u>
	<u>\$ 9,668,044</u>	<u>\$ 10,508,114</u>

Under an agreement with the City of Dallas, all on-site land and buildings of the Museum are the property of the City and are, accordingly, not capitalized. Also, under the terms of the aforementioned agreement, the City has granted the Museum the full use of the Museum land and facility at no charge through May 1, 2021. In addition, the City has committed to provide maintenance of the building and grounds and electric, gas, and water utilities, as well as to pay for a portion of the costs related to the works of art belonging to the City. See Note 14 for further discussion.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. REVOLVING LINES OF CREDIT PAYABLE

The Museum has a credit agreement with Bank of America, N.A. for a \$3,000,000 revolving credit facility. The line matures in March 2021 and may be drawn on (subject to availability) or repaid at any time. All advances under the line are unsecured. As of both June 30, 2020 and 2019, \$2,385,000 was outstanding on the line. Interest charged on advances under this facility is based on the greater of (i) the LIBOR rate or (ii) 1.0% plus 2.85 percentage points. The interest rate at June 30, 2020 and 2019 was 3.03% and 3.60%, respectively. The line of credit contains various provisions and restrictions including limitations on liens and additional indebtedness and the maintaining of certain financial ratios. The Museum was in compliance with related loan covenants as of June 30, 2020 and 2019.

On June 29, 2020, the Museum entered into a loan agreement with BOKF, NA dba Bank of Texas to create a \$5,000,000 line of credit with a draw period of three months. At the conclusion of three months no further advances are available, and the note converts to a term loan with equal quarterly payments of principal and interest maturing in September 2025. All advances under the line are secured by certain marketable securities. As of June 30, 2020, there were no amounts outstanding on the line of credit. Interest charged on advances under this facility during the draw period is based on LIBOR. After the conversion, the rate is variable based on the internal index BOKF Tier 1 Cost of Funds rate plus 1.00% with a floor of 1.80%. At June 30, 2020 the interest rate was 0.16%. The line of credit contains various provisions and restrictions including limitations on liens and additional indebtedness and the maintaining of certain financial ratios. The Museum was in compliance with related loan covenants as of June 30, 2020.

8. NOTE PAYABLE

On April 3, 2015 the Museum executed a \$1,200,000 note payable to Bank of America N.A. due in quarterly installments of \$42,857, plus interest, at an annual rate equal to the lesser of LIBOR plus 0.90 percentage points or the statutory maximum lawful rate. The interest rate at June 30, 2020 and 2019 was 1.08% and 3.30%, respectively. The note matures April 3, 2022 and is secured by certain investments held in U.S. equity securities. The note contains various provisions and restrictions including limitations on liens and additional indebtedness and the maintaining of certain financial ratios. The Museum was in compliance with related loan covenants as of June 30, 2020 and 2019. Future scheduled maturities of the note are as follows:

Years ending June 30:

2021	\$ 171,428
2022	<u>162,008</u>
	<u>\$ 333,436</u>

9. NOTE PAYABLE—SBA PAYCHECK PROTECTION PROGRAM

On April 29, 2020, the Museum received a loan pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from MapleMark Bank, for an aggregate principal amount of \$2,501,003. The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP loan is subject to forgiveness under the PPP upon the Museum’s request to the extent that the PPP loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and interest on mortgage obligations, and covered utility payments incurred by the Museum. The Museum intends to use the proceeds for purposes consistent with the PPP. The Museum intends to apply for forgiveness of the PPP loan with respect to these covered expenses. The PPP loan maybe prepaid at any time prior to maturity with no prepayment penalties. If the PPP loan is not forgiven all or in part, commencing in February 2021, the Museum will be required to pay monthly installments of \$169,115 including interest at a rate of 1.0% per annum, with all unpaid principal and accrued interest due on April 29, 2022. The monthly installments will be adjusted for any amounts that have been reimbursed to MapleMark Bank by the SBA. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of an event of default. While the Museum currently believes that its use of the PPP loan proceeds will meet the conditions for forgiveness of the loan, the Museum cannot guarantee that it will be eligible for forgiveness of the PPP loan, in whole or in part. Future scheduled maturities of the note (if not forgiven) are as follows: \$817,579 in 2021 and \$1,683,424 in 2022.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of funds which are available to support the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Acquisitions	\$ 46,920,485	\$ 47,637,420
Exhibitions, curatorial, and conservation	80,445,975	77,458,708
Education	42,328,114	43,808,644
Operations and other	<u>71,123,991</u>	<u>75,393,132</u>
	<u>\$ 240,818,565</u>	<u>\$ 244,297,904</u>

11. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors during the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Acquisitions	\$ 846,694	\$ 837,557
Exhibitions, curatorial, and conservation	7,541,668	3,716,992
Education	4,233,748	2,499,392
Operations and other	<u>9,177,970</u>	<u>6,690,654</u>
	<u>\$ 21,800,080</u>	<u>\$ 13,744,595</u>

12. PENSION PLAN

The Museum has a noncontributory, defined benefit pension plan (the "Plan") covering substantially all personnel. Effective April 1, 2015, the Board of Trustees voted to "freeze" the Plan. Before the freeze, benefits were based on the employee's years of service and average monthly compensation over the previous five successive calendar years, out of the last 10 completed calendar years, which gives the highest average. Generally, the Museum's funding policy was to contribute annually the minimum allowed by applicable regulations. Contributions were intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The following table sets out the Plan's funded status as of June 30:

	<u>2020</u>	<u>2019</u>
Actuarial present value of projected benefit obligation:		
Projected benefit obligation	\$ (14,911,968)	\$ (13,179,708)
Plan assets at fair value	<u>10,032,803</u>	<u>9,390,897</u>
Net statement of financial position liability	<u>\$ (4,879,165)</u>	<u>\$ (3,788,811)</u>
Net assets without donor restrictions:		
Net loss	<u>\$ 5,976,729</u>	<u>\$ 4,959,878</u>
Additional minimum liability	<u>\$ 5,976,729</u>	<u>\$ 4,959,878</u>
Employer contribution	<u>\$ 81,000</u>	<u>\$ -</u>
Benefits paid	<u>\$ 399,975</u>	<u>\$ 464,602</u>
Net period benefit cost	<u>\$ 154,503</u>	<u>\$ 83,037</u>

A pension benefit obligation was recognized by the Museum as of June 30, 2020 and 2019 due to the unfunded status of the plan. The unfunded status as of June 30, 2020 and 2019 of \$4,879,165 and \$3,788,811, respectively, is included within accrued expenses in the consolidated statements of financial position. The accumulated benefit obligation as of June 30, 2020 and 2019 was \$14,911,968 and \$13,179,708, respectively.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. PENSION PLAN (Continued)

Assumptions Used in Determining Net Period Benefit Cost

The weighted average discount rate used in determining the net period benefit cost for June 30, 2020 and 2019 was 2.75% and 3.52%, respectively. There was no weighted average compensation increase for June 30, 2020 and 2019. The expected long-term rate of return on plan assets was 7.5% for June 30, 2020 and 2019.

The expected long-term rate of return assumption reflects the average return expected based on the investment strategies and asset allocation on the assets invested to provide for the Plan's liabilities. The Museum considered the broad equity and bond indices, long-term return projections, and actual long-term historical Plan performance when evaluating the expected long-term rate of return assumption. Based on the Plan's recent 10% equity, 80% fixed income and 10% in cash asset allocation, the 2020 Gallagher Fiduciary Advisors Investment Model provides a weighted average expected return of 2.63% with standard deviation of 3.32%. The estimated probability distributions of geometric returns for 20 years show that the 48th percentile is 7.5%.

Expected benefit payments for the next 10 years are as follows for the years ending June 30:

2021	\$ 603,000
2022	566,000
2023	599,000
2024	608,000
2025	617,000
2026 through 2030	<u>3,276,000</u>
	<u>\$ 6,269,000</u>

Plan assets are allocated as follows at June 30:

	<u>2020</u>	<u>2019</u>
Equity securities:		
Pooled, common and collective funds	8.4%	75.4%
Fixed income securities:		
Pooled, common and collective funds	78.2%	16.2%
Other:		
Real estate funds	<u>13.4%</u>	<u>8.4%</u>
Total plan assets	<u>100.0%</u>	<u>100.0%</u>

The following table summarizes the carrying amounts and estimated fair values (fully described in Note 16), of the Plan's financial instruments measured at fair value at June 30, 2020:

	<u>Measured at Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Short-term investments (a):				
Money market funds	\$ 1,348,141	\$ 1,348,141	\$ -	\$ -
Total assets in fair value hierarchy	<u>1,348,141</u>	<u>\$ 1,348,141</u>	<u>\$ -</u>	<u>\$ -</u>
Pooled separate account funds (b)	<u>8,684,662</u>			
Total investments at fair value	<u>\$ 10,032,803</u>			

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. PENSION PLAN (Continued)

Assumptions Used in Determining Projected Benefit Obligations (Continued)

The following table summarizes the carrying amounts and estimated fair values (fully described in Note 16), of the Plan's financial instruments measured at fair value at June 30, 2019:

	Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Short-term investments (a):				
Money market funds	\$ 2,383	\$ 2,383	\$ -	\$ -
Total assets in fair value hierarchy	2,383	2,383	-	-
Pooled separate account funds (b)	9,388,514			
Total investments at fair value	<u>\$ 9,390,897</u>			

The following methods and assumptions were used to estimate the fair value of each class of financial instruments within the pension plan:

- (a) *Short-term investments*: Valued based on quoted market prices or at cost plus accrued dividend and interest income, which approximates fair value.
- (b) *Pooled separate account funds*: These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy

The methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan 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.

Multiple asset classes are implemented in order to obtain the benefits of diversification and maximize long-term return for a given level of risk. Risk tolerance is developed by reviewing the funded status of the Plan, duration of the Plan's liabilities, the income and liquidity requirements, and the financial condition of the Museum. The investment portfolio comprises a diversified combination of short-term investments, equity securities funds and fixed income securities funds. The allocation among equity securities funds, fixed income securities funds, and short-term investments is determined by prevailing market conditions and relative valuations among asset classes. The Plan's financial condition is monitored on an ongoing basis by means of investment portfolio reviews and an annual independent actuarial valuation.

The Museum has elected to take the necessary steps to terminate the retirement plan as soon as permissible. The retirement plan was frozen and replaced with a 401(k) plan in fiscal year 2015.

13. EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Museum. These expenses include depreciation, interest, facilities operations and maintenance. Natural expenses attributable to more than one functional expense category are allocated using a time and effort cost allocation technique.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. EXPENSES (Continued)

Functional expenses by natural classification as of June 30, 2020:

	<u>Program Activities</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Galleries and Exhibitions</u>	<u>Collections</u>	<u>Education</u>	<u>Fundraising</u>	<u>General Administration</u>	
Salaries and employee benefits	\$ 4,974,059	\$ 2,047,164	\$ 2,232,337	\$ 2,821,420	\$ 4,917,586	\$ 16,992,566
Services, supplies, and other	5,774,033	2,177,772	1,163,683	3,120,329	1,640,343	13,876,160
Depreciation and amortization	253,157	-	253,157	101,263	405,053	1,012,630
Interest	-	-	-	-	44,467	44,467
Total expenses	<u>\$ 11,001,249</u>	<u>\$ 4,224,936</u>	<u>\$ 3,649,177</u>	<u>\$ 6,043,012</u>	<u>\$ 7,007,449</u>	<u>\$ 31,925,823</u>

Functional expenses by natural classification as of June 30, 2019:

	<u>Program Activities</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Galleries and Exhibitions</u>	<u>Collections</u>	<u>Education</u>	<u>Fundraising</u>	<u>General Administration</u>	
Salaries and employee benefits	\$ 5,021,903	\$ 1,589,459	\$ 2,054,953	\$ 2,353,830	\$ 4,258,828	\$ 15,278,973
Services, supplies, and other	6,908,888	2,427,293	1,649,292	3,632,114	1,534,192	16,151,779
Depreciation and amortization	326,236	-	326,236	130,496	521,978	1,304,946
Interest	-	-	-	-	123,390	123,390
Total expenses	<u>\$ 12,257,027</u>	<u>\$ 4,016,752</u>	<u>\$ 4,030,481</u>	<u>\$ 6,116,440</u>	<u>\$ 6,438,388</u>	<u>\$ 32,859,088</u>

14. CONTRIBUTED GOODS AND SERVICES

As discussed in Note 6, the City provides facilities, utilities, and certain other services, such as grounds and building maintenance, without charge to the Museum. The costs, as determined by the City, of rent, utilities, services, and maintenance provided to the Museum are recorded as revenue and expense in the consolidated statements of activities and changes in net assets and amounted to \$2,801,740 and \$3,004,018 in fiscal years 2020 and 2019, respectively. The Museum received an additional \$320,405 and \$518,087 of contributed goods and services from other sources during the year ended June 30, 2020 and 2019, respectively.

15. ADVERTISING EXPENSES

During the years ended June 30, 2020 and 2019, the Museum incurred \$731,150 and \$881,812, respectively, in advertising expenses. Amounts are expensed as incurred. These expenses are included in collections and exhibitions and external affairs and development in the accompanying consolidated statements of activities and changes in net assets.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Museum's financial instruments. The inputs are summarized in three levels as outlined below:

Level 1 Inputs—Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 Inputs—Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs—Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. The Museum's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

The following table summarizes the carrying amounts and estimated fair values, of the Museum's financial instruments measured at fair value in the consolidated statement of financial position at June 30, 2020:

	Carrying Amount	Measured at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity securities	\$ 142,907,722	\$ 142,907,722	\$142,907,722	\$ -	\$ -
Mutual funds—fixed income	28,046,997	28,046,997	28,046,997	-	-
Short-term investments	13,065,972	13,065,972	13,065,972	-	-
Other fixed income	<u>14,015,776</u>	<u>14,015,776</u>	-	<u>14,015,776</u>	-
Total assets in fair value hierarchy	198,036,467	198,036,467	<u>\$184,020,691</u>	<u>\$ 14,015,776</u>	<u>\$ -</u>
Alternative investments (a)	<u>46,361,622</u>	<u>46,361,622</u>			
Total investments at fair value	<u>\$ 244,398,089</u>	<u>\$ 244,398,089</u>			
Beneficial interest in trusts	<u>\$ 68,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,288</u>

(a) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the carrying amounts and estimated fair values, of the Museum's financial instruments measured at fair value in the consolidated statement of financial position at June 30, 2019:

	Carrying Amount	Measured at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity securities	\$ 146,773,539	\$ 146,773,539	\$ 146,773,539	\$ -	\$ -
Mutual funds—fixed income	20,631,040	20,631,040	20,631,040	-	-
Short-term investments	1,949,493	1,949,493	1,949,493	-	-
Other fixed income	<u>14,127,755</u>	<u>14,127,755</u>	<u>-</u>	<u>14,127,755</u>	<u>-</u>
Total assets in fair value hierarchy	183,481,827	183,481,827	<u>\$ 169,354,072</u>	<u>\$ 14,127,755</u>	<u>\$ -</u>
Alternative investments (a)	<u>46,665,831</u>	<u>46,665,831</u>			
Total investments at fair value	<u>\$ 230,147,658</u>	<u>\$ 230,147,658</u>			
Beneficial interest in trusts	<u>\$ 68,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,288</u>

(b) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy

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 schedule below summarizes the activity for the items above, which have been classified as Level 3 measurements:

	Split-interest Agreements
Ending balance, June 30, 2018	\$ 68,288
Total gains (losses):	
Included in realized/unrealized	-
Purchases, issuances, and redemptions, net	-
Ending balance, June 30, 2019	<u>68,288</u>
Total gains (losses):	
Included in realized/unrealized	-
Purchases, issuances, and redemptions, net	-
Ending balance, June 30, 2020	<u>\$ 68,288</u>

Total Level 3 gains or losses, if any are all included in the consolidated statement of activities and changes in net assets and all relate to assets still held at year end.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the fair value measurement of the Museum’s investments in certain entities that calculate net asset value per share:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Investments in:				
Alternative				
Investments (2020)	\$ 46,360,667	\$ -	Quarterly/Monthly	30 Days
(a)(b)(c)				90 Days
Investments in:				
Alternative				
Investments (2019)	\$ 46,665,831	\$ -	Quarterly/Monthly	60 Days
(a) (b) (c)				90 Days

- (a) This category includes investments in three hedge funds organized as limited partnerships. These funds pursue multiple strategies to diversify risks and reduce volatility. Investment strategies include event driven, relative value, macroeconomic, and equity long/short. One fund restricts redemptions to a quarterly basis with 90 days’ notice, subject to 25% maximum per quarter; one fund allows for monthly redemptions with 30 days’ notice; and the other fund allows for quarterly redemptions with 60 days’ notice or monthly redemptions with 60 days’ notice, subject to a 1.5% redemption charge.
- (b) The amounts reported for the Museum’s investments in the alternative investments are the estimates of the Museum’s alternative investment managers, based on using the net asset value of the Museum’s ownership interest in the alternative investment. The net asset values are determined by the fund manager based upon the latest investee information available, using fair value estimation techniques substantiated in part, by the investments’ audited financial statements and supported by the due diligence of the Museum’s investment management. However, given the inherent limitations in any estimation technique, the values presented herein are not necessarily indicative of the amount that the Museum could realize in a current transaction. Future events could affect the estimates of fair value and could be material to the financial statements.
- (c) The marketable alternative investments are carried at fair value. The Museum believes that fair value accurately reflects the value of these investments and is a preferable method of accounting for these investments and records the change in fair value in net investment return in the consolidated statements of activities and changes in net assets.

17. ENDOWMENT

The Museum’s endowment consists of individual endowment funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments, including donor-restricted charitable gift annuities.

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds without donor restriction represent the Board-designated endowment.

Interpretation of Relevant Law

The Board of Trustees of the Museum has interpreted UPMIFA, adopted by the State of Texas, as allowing the Museum, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as the Museum determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The Board of Trustees passed a resolution adopting UPMIFA as enacted by the State of Texas. The assets in the endowment fund remain restricted until appropriated for expenditure by the Museum.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. ENDOWMENT (Continued)

Interpretation of Relevant Law (Continued)

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of the Museum and the donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Museum; and 7) the investment policies of the Museum.

Endowment Net Asset Composition by Type of Fund at June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-restricted endowment funds	\$ 15,299,739	\$ -	\$ 15,299,739
Donor-designated endowment funds	-	216,302,205	216,302,205
Total funds	<u>\$ 15,299,739</u>	<u>\$ 216,302,205</u>	<u>\$ 231,601,944</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-restricted endowment funds	\$ 11,655,913	\$ -	\$ 11,655,913
Donor-designated endowment funds	-	208,733,562	208,733,562
Total funds	<u>\$ 11,655,913</u>	<u>\$ 208,733,562</u>	<u>\$ 220,389,475</u>

Changes in Endowment Net Assets for the year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets as of June 30, 2018	\$ 9,799,439	\$ 199,229,354	\$ 209,028,793
Investment return:			
Investment income	254,884	5,213,252	5,468,136
Net appreciation (unrealized and realized)	<u>279,162</u>	<u>5,983,249</u>	<u>6,262,411</u>
Total investment returns	534,046	11,196,501	11,730,547
Contributions	1,717,438	7,599,590	9,317,028
Reclassification to specified purpose funds	-	(6,332)	(6,332)
Appropriation of endowment assets for expenditure	<u>(395,010)</u>	<u>(9,285,551)</u>	<u>(9,680,561)</u>
Endowment net assets as of June 30, 2019	11,655,913	208,733,562	220,389,475
Investment return:			
Investment income	192,474	3,975,564	4,168,038
Net appreciation (unrealized and realized)	<u>192,268</u>	<u>2,786,243</u>	<u>2,978,511</u>
Total investment returns	384,742	6,761,807	7,146,549
Contributions	3,690,455	9,548,527	13,238,983
Reclassification from specified purpose funds	25,000	-	25,000
Appropriation of endowment assets for expenditure	<u>(456,371)</u>	<u>(8,741,691)</u>	<u>(9,198,063)</u>
Endowment net assets as of June 30, 2020	<u>\$ 15,299,739</u>	<u>\$ 216,302,205</u>	<u>\$ 231,601,944</u>

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor under UPMIFA requires the Museum to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board of Trustees. There were no funds with deficiencies at June 30, 2020 and 2019.

Return Objective and Risk Parameters

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations, programs, and other specified purposes supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowments include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Strategies Employed for Achieving Objectives

Under its investment policy, as approved by the Board of Trustees, the assets of the endowment are invested in accordance with the following objectives: achieve a long-term real return to provide a stable source of support for the financial needs of the Museum, while preserving the purchasing power of the underlying assets; generate, over a long period of time, a total investment return equal to or greater than the annual distribution rate plus the rate of inflation as measured by the Consumer Price Index; maximize return within reasonable and prudent levels of risk; and maintain sufficient liquidity to meet distribution needs on a timely basis.

While there are no assurances that these objectives will be realized, guidelines for endowment investments were developed using estimates of future gifts and expenditures by the endowment and on projected investment returns by asset class. Endowment objectives were based on a 10-year investment horizon, so interim fluctuations should be viewed with appropriate perspective.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment's investment earnings are allocated in a reasonable and balanced way between current distribution and reinvestment for future earnings. Distributions should provide a reasonably stable and predictable source of funds for the activities of the Museum that are supported by the endowment. Subject to UPMIFA (to the extent applicable), the annual distributable funds from the endowment will be 4.67% of the average end-of-quarter market value of the endowment for the previous twelve (12) quarters, to be determined at the end of each year for the ensuing year. This distribution rate is scheduled to decline to 4% over the next four years. Total distributions from these funds to operations were \$8,838,956 and \$9,338,621 in fiscal years 2020 and 2019, respectively. Gifts received are subject to the averaging and distribution rules, unless the donor directs differently. New gifts received are withheld from the distributable funds calculation until they have been held by the Museum for four quarters. Specific gifts may be excluded from averaging and/or be subject to other distribution rules, when donors so direct. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. COMMITMENTS AND CONTINGENCIES

Leases

The Museum leases office equipment and an automobile under various non-cancelable operating lease agreements. It is expected that as current leases expire they will be replaced by new leases. Future minimum lease commitments are payable as follows for the years ending June 30:

2021	\$	127,632
2022		127,632
2023		127,280
2024		119,388
2025		<u>22,281</u>
	\$	<u>524,213</u>

Rent expense for fiscal years 2020 and 2019 was \$125,088 and \$151,382, respectively.

Litigation

The Museum is involved in litigation surrounding the receipt of artifacts from the estate of a donor. As of June 30, 2020, it is not possible to determine if there is a loss potential or what that amount might be. The Museum has retained legal counsel and is vigorously defending its claim.

19. RELATED PARTY TRANSACTIONS

The Museum has received contributions, other than artwork, of \$4,604,884 and \$6,622,197 for the years ended June 30, 2020 and 2019, respectively, from various related parties, which includes members of the Board of Trustees.

A member of the Board of Trustees is also on the Board of Trustees of an unrelated not-for-profit organization. The unrelated not-for-profit organization holds an annual art auction. During fiscal years 2020 and 2019, a portion of the net proceeds were contributed to the Museum in the amount of \$3,083,326 and \$3,744,389, respectively.

Certain board members are owners or directors of certain entities that are vendors to the Museum. During fiscal years 2020 and 2019, the Museum received in-kind services of \$114,697 and \$111,950, respectively, from these vendors.

A member of the Board of Trustees is also the Managing Director at an affiliate of Bank of America, N.A. The Museum utilized \$2,385,000 of the \$5 million line of credit granted in both fiscal years 2020 and 2019. The Museum also has a note payable through Bank of America, N.A. of \$333,436 as of June 30, 2020 and \$471,431 as of June 30, 2019 that will mature in 2022. The line of credit and note payable are disclosed in further detail in Notes 7 and 8 above.

A member of the Board of Trustees is also an officer of an unrelated organization. This organization stored and shipped various pieces of art throughout the year for the Museum. During the years ended June 30, 2020 and 2019, \$426,971 and \$379,164, respectively, was paid to this organization for these services.

20. CONCENTRATIONS

Within other accounts receivable, approximately 97% and 84% of the amount owed to the Museum at June 30, 2020 and 2019, respectively, relates to the advance of legal costs stemming from shared joint expenses in defending claims to works of art. Approximately 11% of gross pledges receivable at June 30, 2020 and June 30, 2019 are from one donor. Approximately 54% of total contributions at June 30, 2020 are from four donors and approximately 26% of total contributions at June 30, 2019 were from two donors.

Dallas Museum of Art
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. RETIREMENT PLAN

Effective April 1, 2015, the Museum offered a 401(k) retirement plan (the "Plan"). The Plan covers employees who have completed one year of service and have worked 1,000 hours. Museum contributions are voluntary and at the discretion of management. The Museum contribution for the Plan for the years ended June 30, 2020 and 2019 was \$467,413 and \$383,221, respectively.

22. GLOBAL PANDEMIC

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine and social distancing requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruption to the Museum beginning in March 2020, resulting in the temporary closure of the Museum. While the Museum expects this matter to negatively impact its results, the extent of the impact of the COVID-19 on the Museum's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, government imposed restrictions and the impact of the COVID-19 on the Museum's donors and the overall demand for the Museum's programs and services, all of which are highly uncertain and cannot be predicted.

23. SUBSEQUENT EVENTS

On October 21, 2020, the Museum successfully submitted their application for Paycheck Protection Program loan forgiveness to the U. S. Small Business Administration. Management is confident that the full amount of the PPP loan discussed in Note 9 will be forgiven.

Through the date the consolidated financial statements were available to be issued, the Museum had advanced \$4,644,049 from the new line of credit indicated in Note 7. The proceeds from this line of credit are to be used to settle obligations on the terminated pension plan.

Management has evaluated subsequent events through November 10, 2020, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

Dallas Museum of Art
SCHEDULE OF ENDOWMENT FUNDS
June 30, 2020

Endowment funds include both donor-restricted and board-designated 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 June 30, 2020:

	Total Net Assets
Acquisitions Endowment Funds	
Marguerite and Robert Hoffman Endowment	\$ 16,005,720
Cecil and Ida Green Art Acquisition Fund	4,758,826
Amelia Lay Hodges Acquisition Fund	3,958,240
Decorative Arts Discretionary Endowment Fund	2,908,102
General Acquisitions Endowment Fund	2,811,065
Roberta Coke Camp Endowment Fund	1,964,189
African Art Acquisitions Endowment Fund	1,619,067
Gayle and Paul Stoffel Fund for Contemporary Art Acquisition	1,468,877
Textile Acquisitions Endowment Fund	1,103,865
The Stanley & Linda Marcus Endowment for the Acquisition of Latin American Art	937,099
Otis and Velma Davis Dozier Endowment Fund	554,545
Beatrice M. and Patrick E. Haggerty Endowment Fund	481,399
Mary Margaret Munson Wilcox Fund	389,545
E.E. Fogelson and Greer Garson Fogelson Charitable Fund	348,885
Charron and Peter Denker Fund for Contemporary Texas Art	347,241
Theodore and Iva Hochstim Endowment Fund	223,000
Texas Artists Endowment Fund	198,993
Laura and Walter Elcock Contemporary Art Endowment Fund	143,917
Susan Mead Contemporary Art Acquisition Endowment Fund	139,963
Total Acquisitions Endowment Funds	40,362,538
Exhibition, Curatorial, and Conservation Endowment Funds	
Exhibition Endowment Fund	18,365,938
The Hoffman Family Senior Curator of Contemporary Art	5,637,901
William B. Jordan and Robert Dean Brownlee Endowment	5,119,677
Freeman Family Exhibition Fund	4,310,275
Marguerite and Robert Hoffman Operating Fund	3,626,393
Modern and Contemporary Sculpture Endowment Fund	3,476,739
Lupe Murchison Curator of Contemporary Art Endowment Fund	3,367,893
Marcus-Rose Family Deputy Director Endowment Fund	3,035,290
The Allen and Kelli Questrom Curator of Works on Paper	3,022,834
The Ellen and Harry S. Parker III Curator of the Arts of the Americas and the Pacific	2,913,395
Cecil and Ida Green Curator of Ancient and South Asian Art	2,887,231
Pauline G. Sullivan Curator of American Art Endowment Fund	2,868,679
Margaret McDermott Curator of African Art Endowment Fund	2,705,043
The Nancy & Tim Hanley Associate Curator of Contemporary Art	2,220,635
Melba Davis Whatley Endowment Fund	2,102,313
NEH Chief Conservator	1,751,954
Margot B. Perot Curator of Decorative Arts and Design Fund	1,544,491
Barbara Thomas Lemmon Curator of European Art Endowment Fund	1,510,000
Lillian Clark Curatorship for Paintings and Sculpture	1,386,428
The John Wilcox Contemporary Art Exhibition Endowment Fund	1,307,224
McDermott Conservation Endowment	1,063,108
Rosine Foundation Decorative Art Endowment Fund	734,825
Conservation Endowment Fund	654,915
Howard and Fanchon Hallam Endowment for Contemporary Art	569,573
Steven G. Alpert and Family Indonesian Art Fund	528,910
Charles Dee Mitchell Photography Fund	188,931
Jean and Bill Booziotis Fund for Design and Architecture	158,583
Exhibitionists Endowment Fund	152,307
The Graham Williford Foundation for American Art Endowment	38
Total Exhibition, Curatorial, and Conservation Endowment Funds	77,211,523

See Report of Independent Certified Public Accountants.

Dallas Museum of Art
SCHEDULE OF ENDOWMENT FUNDS (Continued)
June 30, 2020

Education Endowment Funds	
McDermott Education Endowment Fund	\$ 4,208,512
The Kelli and Allen Questrom Director of the Center for Creative Connections	3,252,168
Office of Digital Archivist	3,090,222
DMA League Director of Education Endowment Fund	3,066,998
Mayer Library Endowment Fund	2,942,788
Anonymous Program Endowment Fund	2,188,374
The Bonnie Pitman Education Endowment to Do Something New	1,754,878
Education Endowment Fund for Interpretation	1,572,644
Pollock Foundation Education Endowment Fund	1,421,464
The Alex, Charlie, Grey, Jack and Rosey Fund	1,415,953
Mildred R. and Frederick M. Mayer Librarian Endowment Fund	1,410,369
Robert J. O'Donnell Endowment Fund	987,351
Gayle Hysinger Endowment Fund for Education	739,991
Nancy Cain Marcus Education Endowment Fund	711,003
Freeman Family Endowment Fund	710,221
Anonymous Endowment Fund	700,106
Jeffrey A. Marcus Education Endowment Fund	710,002
Boshell Lecture Series Endowment Fund	670,953
Rosewood Corporation Teacher Education Fund	652,016
Prothro Education Endowment Fund	645,110
The Martha McCarty Kimmerling Fund for Education	628,907
William Randolph Hearst Endowment Fund for Education Programs	504,948
Christopher and Sue Bancroft Education Endowment Fund	465,759
Marilyn R. and Leo F. Corrigan, Jr. Endowment Fund	406,575
Dr. Anson L. Clark Endowment Fund	391,437
Selma Parrill Children's Education Endowment Fund	285,214
Kay Cattarulla Endowment Fund for Literary and Performing Arts	276,390
Arch and Anne Giles Kimbrough Endowment Fund	375,008
Bank of America Education and Outreach Endowment Fund	371,575
Andrea Brenner-McMullen Arts Support Endowment Fund	297,397
Clara and Leo Corrigan, Sr. Endowment Fund	264,387
JC Penney Teaching Resource Center Endowment Fund	232,009
Albert and Minnie Susman Education Endowment Fund	223,276
King Foundation Education Endowment Fund	223,248
Jane Du Pont and Barron U. Kidd Endowment	199,540
Dozier Travel Endowment Fund	195,196
Bromberg Endowment Fund	184,042
Brettell Lecture Series Endowment Fund	171,663
Shirley Philipson Pollock Internship in Art Librarianship Endowment	169,752
DeGolyer Endowment Fund	167,082
Levy Endowment Fund for Music	155,193
Education Endowment Fund	152,128
Nancy and Jeffrey Marcus Endowment Fund	145,288
Karen and Richard Pollock Endowment Fund	141,545
Collins Lecture Series Endowment Fund	138,564
Hobson Education Endowment Fund	138,149
Betty Moroney Norsworthy Endowment Fund	137,826
Arthur Andersen Education Endowment Fund	121,922
McGee Endowment for Arts & Letters Live	118,542
Rick and Diana Strauss Special Education Endowment	37,372
Gateway Gallery Endowment Fund	29,053
Print and Drawing Endowment Fund	19,933
Total Education Endowment Funds	40,220,043

Dallas Museum of Art
SCHEDULE OF ENDOWMENT FUNDS (Continued)
June 30, 2020

Operations and Other Specified Purpose Endowment Funds	
Expansion Campaign Endowment Fund	\$ 15,804,682
Family Fund Endowment Fund	11,239,262
Anonymous Endowment Fund 1	4,972,771
Edward W. and Deedie Rose Endowment	4,911,888
The Eugene McDermott Director's Endowment	4,861,291
General Operations Endowment Fund	4,017,328
Fannie and Stephen Kahn Fund	3,960,172
Edmund J. and Louise W. Kahn Endowment Fund	3,681,005
Anonymous Endowment Fund 2	2,745,786
Gayle David Fogelson Endowment Fund	2,554,851
McDermott Challenge Endowment	2,130,938
Operating Reserve Fund	1,715,638
Program Endowment Fund	1,434,613
Anonymous Endowment Fund 3	1,355,771
McDermott Garden Endowment Fund	1,272,333
Sarah M. & Charles E. Seay Fund in honor of Jack R. Munger	1,005,654
Anne Marie & Thomas Walker Fund	991,777
NEA Challenge Grant Endowment Fund	810,227
DMA League Museum Beautification Endowment Fund	741,611
The Clarence and Ruth Roy Endowment Fund	591,713
Anonymous Director's Assistants Endowment Fund	567,905
Ernest and Irene Wadel Endowment Fund	493,726
Frank and Binswanger Fresh Flower Fund	449,361
S. T. Harris Endowment Fund	423,193
Fay and Newt Walker Endowment Fund	371,136
Shirley Pollock Endowment Fund	267,416
Harry and Ellen Parker Endowment Fund	254,420
Patsy Nasher Endowment Fund	145,086
Fleischner Courtyard Maintenance Endowment Fund	36,286
Total operations and other specified purpose endowment funds	<u>73,807,840</u>
Total Endowment Funds	<u>\$ 231,601,944</u>
Net assets with donor restrictions	\$ 240,818,565
Less net assets with donor restrictions for specified purposes and purchases of fixed assets	(24,516,360)
Net assets without donor restrictions	19,882,563
Less unrestricted, undesignated operating funds	<u>(4,582,824)</u>
	<u>\$ 231,601,944</u>