



# McNay Art Museum

Financial Statements  
Years Ended June 30, 2019 and 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# McNay Art Museum

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Financial Statements  
Years Ended June 30, 2019 and 2018

# McNay Art Museum

## Contents

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|                                     |       |
|-------------------------------------|-------|
| <b>Independent Auditor's Report</b> | 1 - 2 |
|-------------------------------------|-------|

### **Financial Statements**

|   |        |
|---|--------|
| Statements of Financial Position                  | 3      |
| Statement of Activities and Changes in Net Assets | 4 - 5  |
| Statement of Functional Expenses                  | 6      |
| Statements of Cash Flows                          | 7      |
| Notes to Financial Statements                     | 8 - 21 |



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## Independent Auditor's Report

To the Board of Directors of  
McNay Art Museum  
San Antonio, Texas

We have audited the accompanying statements of financial position of McNay Art Museum (the Museum) as of June 30, 2019 and 2018, and the related statement of activities and changes in net assets and functional expenses for the year ended June 30, 2019, and the statement of cash flows for the years ended June 30, 2019 and 2018, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum as of June 30, 2019 and 2018, and the changes in its net assets for the year ended June 30, 2019 and its cash flows for years ended June 30, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Financial Information

We have previously audited the Museum's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information on the statement of activities and changes in net assets and functional expenses presented herein and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

September 27, 2019

## Financial Statements

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**McNay Art Museum**  
**Statements of Financial Position**

| <i>June 30,</i>                         | 2019                 | 2018                 |
|---|----------------------|----------------------|
| <b>Assets</b>                           |                      |                      |
| Cash and cash equivalents               | \$ 1,839,613         | \$ 685,090           |
| Accounts and interest receivable        | 89,797               | 81,444               |
| Contributions receivable, current       | 2,228,399            | 426,061              |
| Inventories                             | 110,225              | 115,965              |
| Prepaid expense and other               | 1,036,825            | 385,155              |
| Short term investments                  | 7,645,693            | 7,176,336            |
| Long term contributions receivable      | 2,026,499            | 657,330              |
| Land, buildings, and equipment, net     | 24,732,841           | 26,033,060           |
| Long term investments                   | 46,982,126           | 47,685,952           |
| <b>Total Assets</b>                     | <b>\$ 86,692,018</b> | <b>\$ 83,246,393</b> |
| <b>Liabilities and Net Assets</b>       |                      |                      |
| <b>Liabilities</b>                      |                      |                      |
| Accounts payable and accrued expenses   | \$ 534,454           | \$ 489,969           |
| Deferred revenue                        | 140,359              | 125,845              |
| <b>Total Liabilities</b>                | <b>674,813</b>       | <b>615,814</b>       |
| <b>Net Assets</b>                       |                      |                      |
| Without donor restrictions              | 42,957,394           | 44,897,159           |
| With donor restrictions                 | 43,059,811           | 37,733,420           |
| <b>Total Net Assets</b>                 | <b>86,017,205</b>    | <b>82,630,579</b>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 86,692,018</b> | <b>\$ 83,246,393</b> |

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

# McNay Art Museum

## Statement of Activities and Changes in Net Assets

Year ended June 30, 2019

(With Summarized Financial Information for the Year ended June 30, 2018)

|   | Without Donor Restrictions |                   |                                 |              | With Donor<br>Restrictions | Total         |               |
|---|----------------------------|-------------------|---------------------------------|--------------|----------------------------|---------------|---------------|
|   | Operating                  | Non-<br>Operating | Land Buildings<br>and Equipment | Total        |                            | 2019          | 2018          |
| <b>Revenue, Gains and Other Support</b>   |                            |                   |                                 |              |                            |               |               |
| Contributions   | \$ 1,481,525               | \$ 166,714        | \$ -                            | \$ 1,648,239 | \$ 6,103,842               | \$ 7,752,081  | \$ 2,873,668  |
| Memberships   | 706,043                    | -                 | -                               | 706,043      | -                          | 706,043       | 655,477       |
| Special events - net of direct cost totaling<br>\$126,505 in 2019 and \$126,641 in 2018 | 281,372                    | -                 | -                               | 281,372      | -                          | 281,372       | 306,891       |
| Dividends and interest, net   | 550                        | 756,272           | -                               | 756,822      | 262,139                    | 1,018,961     | 1,071,034     |
| Net realized and unrealized gains<br>on investments                                     | -                          | 1,019,357         | -                               | 1,019,357    | 889,549                    | 1,908,906     | 4,750,994     |
| Oil royalties, net  | 100,639                    | -                 | -                               | 100,639      | -                          | 100,639       | 96,089        |
| Rental income   | 346,776                    | -                 | -                               | 346,776      | -                          | 346,776       | 313,950       |
| Museum store  | 269,595                    | -                 | -                               | 269,595      | -                          | 269,595       | 268,475       |
| Educational program revenue   | 69,905                     | 863               | -                               | 70,768       | -                          | 70,768        | 14,775        |
| Exhibition income   | 637,964                    | -                 | -                               | 637,964      | -                          | 637,964       | 823,583       |
| Admission fees  | 232,769                    | -                 | -                               | 232,769      | -                          | 232,769       | 199,457       |
| Photography fees  | 37,693                     | -                 | -                               | 37,693       | -                          | 37,693        | 37,576        |
| Miscellaneous   | 43,136                     | -                 | -                               | 43,136       | -                          | 43,136        | 3,063         |
| Transfers/ appropriations   | 2,440,015                  | (2,518,849)       | -                               | (78,834)     | 78,834                     | -             | -             |
|   | 6,647,982                  | (575,643)         | -                               | 6,072,339    | 7,334,364                  | 13,406,703    | 11,415,032    |
| Net assets released from restrictions   | 1,896,123                  | 111,850           | -                               | 2,007,973    | (2,007,973)                | -             | -             |
| <b>Total Revenue, Gains, and Other Support</b>  | \$ 8,544,105               | \$ (463,793)      | \$ -                            | \$ 8,080,312 | \$ 5,326,391               | \$ 13,406,703 | \$ 11,415,032 |

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

# McNay Art Museum

## Statement of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2019

(With Summarized Financial Information for the Year ended June 30, 2018)

|   | Without Donor Restrictions |                      |                                 |                      | With Donor<br>Restrictions | Total                |                      |
|---|----------------------------|----------------------|---------------------------------|----------------------|----------------------------|----------------------|----------------------|
|   | Operating                  | Non-<br>Operating    | Land Buildings<br>and Equipment | Total                |                            | 2019                 | 2018                 |
| <b>Expenses</b>   |                            |                      |                                 |                      |                            |                      |                      |
| Program Services:   |                            |                      |                                 |                      |                            |                      |                      |
| Curatorial and conservation   | \$ 1,689,124               | \$ 75,068            | \$ 328,575                      | \$ 2,092,767         | \$ -                       | \$ 2,092,767         | \$ 2,068,530         |
| Exhibitions and presentations   | 3,360,742                  | -                    | 676,477                         | 4,037,219            | -                          | 4,037,219            | 3,530,724            |
| Education   | 1,221,952                  | 5,345                | 637,821                         | 1,865,118            | -                          | 1,865,118            | 1,736,201            |
| Museum store  | 355,552                    | -                    | 19,328                          | 374,880              | -                          | 374,880              | 347,294              |
| Library   | 158,843                    | -                    | 19,328                          | 178,171              | -                          | 178,171              | 269,330              |
| Support Services:   |                            |                      |                                 |                      |                            |                      |                      |
| Management and general  | 427,150                    | 199,800              | 212,607                         | 839,557              | -                          | 839,557              | 837,438              |
| Fundraising   | 620,104                    | 14,626               | 38,656                          | 673,386              | -                          | 673,386              | 682,215              |
| <b>Total Expenses</b>   | <b>7,833,467</b>           | <b>294,839</b>       | <b>1,932,792</b>                | <b>10,061,098</b>    | <b>-</b>                   | <b>10,061,098</b>    | <b>9,471,732</b>     |
| Change in net assets before changes related to collection items not capitalized and non-operating transfers |                            |                      |                                 |                      |                            |                      |                      |
|   | 710,638                    | (758,632)            | (1,932,792)                     | (1,980,786)          | 5,326,391                  | 3,345,605            | 1,943,300            |
| Changes related to collection items not capitalized   |                            |                      |                                 |                      |                            |                      |                      |
|   | -                          | (89,850)             | -                               | (89,850)             | -                          | (89,850)             | (594,500)            |
| Gain on involuntary conversion of assets  | -                          | -                    | 167,952                         | 167,952              | -                          | 167,952              | 121,238              |
| Loss on disposal of assets  | -                          | -                    | (37,081)                        | (37,081)             | -                          | (37,081)             | -                    |
| Transfers not affecting operations  | (710,638)                  | -                    | 710,638                         | -                    | -                          | -                    | -                    |
| <b>Change in Net Assets</b>   | <b>-</b>                   | <b>(848,482)</b>     | <b>(1,091,283)</b>              | <b>(1,939,765)</b>   | <b>5,326,391</b>           | <b>3,386,626</b>     | <b>1,470,038</b>     |
| Net assets, beginning of year   | 783,711                    | 17,900,060           | 26,213,388                      | 44,897,159           | 37,733,420                 | 82,630,579           | 81,160,541           |
| <b>Net Assets, End of Year</b>  | <b>\$ 783,711</b>          | <b>\$ 17,051,578</b> | <b>\$ 25,122,105</b>            | <b>\$ 42,957,394</b> | <b>\$ 43,059,811</b>       | <b>\$ 86,017,205</b> | <b>\$ 82,630,579</b> |

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

**McNay Art Museum**  
**Statement of Functional Expenses**

Year ended June 30, 2019

(With Summarized financial Statement Information for the Year Ended June 30, 2018)

|   | Program Services                  |                                     |                     |                   |                   | Total<br>Program<br>Services | Support Services             |                   |                              | Totals               |                     |
|---|-----------------------------------|-------------------------------------|---------------------|-------------------|-------------------|------------------------------|------------------------------|-------------------|------------------------------|----------------------|---------------------|
|   | Curatorial<br>and<br>Conservation | Exhibitions<br>and<br>Presentations | Education           | Museum<br>Store   | Library           |                              | Management<br>and<br>General | Fund-<br>raising  | Total<br>Support<br>Services | 2019                 | 2018                |
| Salaries and wages                      | \$ 835,262                        | \$ 1,384,548                        | \$ 665,932          | \$ 140,874        | \$ 94,931         | \$ 3,121,547                 | \$ 188,983                   | \$ 330,869        | \$ 519,852                   | \$ 3,641,399         | 3,537,623           |
| Payroll taxes                           | 71,107                            | 117,868                             | 56,692              | 11,993            | 8,082             | 265,742                      | 16,088                       | 28,167            | 44,255                       | 309,997              | 312,135             |
| Employee benefits                       | 162,761                           | 269,798                             | 129,767             | 27,451            | 18,499            | 608,276                      | 36,827                       | 64,474            | 101,301                      | 709,577              | 632,645             |
| Professional fees                       | 69,071                            | 497                                 | 1,585               | 14                | 14                | 71,181                       | 116,112                      | 58,598            | 174,710                      | 245,891              | 317,834             |
| Lectures                                | -                                 | -                                   | 31,927              | -                 | -                 | 31,927                       | -                            | -                 | -                            | 31,927               | 13,292              |
| Supplies                                | 22,533                            | 22,073                              | 43,448              | 6,902             | 1,397             | 96,353                       | 18,244                       | 9,122             | 27,366                       | 123,719              | 102,392             |
| Communications                          | 4,442                             | 4,402                               | 2,647               | 835               | 693               | 13,019                       | 19,749                       | 4,101             | 23,850                       | 36,869               | 34,360              |
| Postage and freight                     | 8,047                             | 152                                 | 4,329               | -                 | 110               | 12,638                       | 1,250                        | 12,020            | 13,270                       | 25,908               | 28,422              |
| Occupancy                               | 79,479                            | 150,402                             | 141,808             | 4,325             | 4,297             | 380,311                      | 47,271                       | 8,592             | 55,863                       | 436,174              | 498,912             |
| Equipment rental and<br>maintenance     | 245,492                           | 55,605                              | 52,915              | 4,205             | 11,719            | 369,936                      | 105,098                      | 16,864            | 121,962                      | 491,898              | 443,113             |
| Printing and publication                | 8,944                             | 7,488                               | 16,077              | 1,083             | 275               | 33,867                       | 10,983                       | 22,413            | 33,396                       | 67,263               | 90,910              |
| Marketing, advertising<br>and publicity | 20,728                            | 62,185                              | 10,364              | 10,364            | -                 | 103,641                      | -                            | -                 | -                            | 103,641              | 53,723              |
| Travel                                  | 5,099                             | 9,884                               | 12,010              | 1,872             | -                 | 28,865                       | 5,652                        | 3,181             | 8,833                        | 37,698               | 64,430              |
| School busing                           | -                                 | -                                   | 13,848              | -                 | -                 | 13,848                       | -                            | -                 | -                            | 13,848               | 25,539              |
| Conferences, seminars,<br>and meetings  | 4,957                             | 5,412                               | 10,668              | 814               | -                 | 21,851                       | 9,705                        | 24,377            | 34,082                       | 55,933               | 66,747              |
| Organization dues and<br>subscriptions  | 1,933                             | 1,249                               | 1,402               | 221               | 1,356             | 6,161                        | 16,985                       | 4,526             | 21,511                       | 27,672               | 17,738              |
| Insurance                               | 186,509                           | 39,346                              | 22,483              | 11,242            | 11,242            | 270,822                      | 6,745                        | -                 | 6,745                        | 277,567              | 229,630             |
| Store cost of sales                     | -                                 | -                                   | -                   | 133,072           | -                 | 133,072                      | -                            | -                 | -                            | 133,072              | 118,538             |
| Maintenance of Collection               | 35,296                            | -                                   | -                   | -                 | -                 | 35,296                       | -                            | -                 | -                            | 35,296               | 45,481              |
| Concerts, films, etc.                   | -                                 | 20,838                              | 8,197               | -                 | -                 | 29,035                       | -                            | -                 | -                            | 29,035               | 34,850              |
| Library books                           | -                                 | -                                   | -                   | -                 | 6,228             | 6,228                        | -                            | -                 | -                            | 6,228                | 11,569              |
| Exhibitions                             | -                                 | 1,168,260                           | -                   | -                 | -                 | 1,168,260                    | -                            | -                 | -                            | 1,168,260            | 728,055             |
| Credit card fees                        | 1,185                             | -                                   | -                   | -                 | -                 | 1,185                        | -                            | 44,444            | 44,444                       | 45,629               | 33,613              |
| Assessments                             | 663                               | -                                   | -                   | -                 | -                 | 663                          | -                            | -                 | -                            | 663                  | -                   |
| Miscellaneous                           | 684                               | 40,735                              | 1,198               | 285               | -                 | 42,902                       | 27,258                       | 2,982             | 30,240                       | 73,142               | 20,214              |
| Member Trip Expenses                    | -                                 | -                                   | -                   | -                 | -                 | -                            | -                            | 25,734            | 25,734                       | 25,734               | -                   |
| Special Events Expenses                 | -                                 | -                                   | -                   | -                 | -                 | -                            | -                            | 126,505           | 126,505                      | 126,505              | 126,641             |
|   | 1,764,192                         | 3,360,742                           | 1,227,297           | 355,552           | 158,843           | 6,866,626                    | 626,950                      | 786,969           | 1,413,919                    | 8,280,545            | 7,588,406           |
| Depreciation                            | 328,575                           | 676,477                             | 637,821             | 19,328            | 19,328            | 1,681,529                    | 212,607                      | 38,656            | 251,263                      | 1,932,792            | 2,009,967           |
| <b>Total Expenses</b>                   | <b>\$ 2,092,767</b>               | <b>\$ 4,037,219</b>                 | <b>\$ 1,865,118</b> | <b>\$ 374,880</b> | <b>\$ 178,171</b> | <b>\$ 8,548,155</b>          | <b>\$ 839,557</b>            | <b>\$ 825,625</b> | <b>\$ 1,665,182</b>          | <b>\$ 10,213,337</b> | <b>\$ 9,598,373</b> |
| Less Expenses Netted in Revenue         |                                   |                                     |                     |                   |                   |                              |                              |                   |                              |                      |                     |
| Member Trip Expenses                    | -                                 | -                                   | -                   | -                 | -                 | -                            | -                            | (25,734)          | (25,734)                     | (25,734)             | -                   |
| Special Events Expenses                 | -                                 | -                                   | -                   | -                 | -                 | -                            | -                            | (126,505)         | (126,505)                    | (126,505)            | (126,641)           |
| <b>Total Functional Expenses</b>        | <b>\$ 2,092,767</b>               | <b>\$ 4,037,219</b>                 | <b>\$ 1,865,118</b> | <b>\$ 374,880</b> | <b>\$ 178,171</b> | <b>\$ 8,548,155</b>          | <b>\$ 839,557</b>            | <b>\$ 673,386</b> | <b>\$ 1,512,943</b>          | <b>\$ 10,061,098</b> | <b>\$ 9,471,732</b> |

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

**McNay Art Museum**  
**Statements of Cash Flows**

| <i>Years ended June 30,</i>  | 2019                | 2018               |
|--|---------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>  |                     |                    |
| Change in net assets   | \$ 3,386,626        | \$ 1,470,038       |
| Adjustments to reconcile change in net assets<br>to net cash (used in) operating activities: |                     |                    |
| Depreciation   | 1,932,792           | 2,009,967          |
| Contributions restricted for capital campaign  | (5,140,814)         | -                  |
| Net realized and unrealized (gains) on investments   | (1,908,906)         | (4,750,994)        |
| Net (gain) on involuntary conversion of assets   | (167,952)           | (121,238)          |
| Net loss on disposal of assets   | 37,081              | -                  |
| Change in operating activities   |                     |                    |
| Accounts and interest receivable   | (8,353)             | 10,061             |
| Contributions receivable   | (3,171,507)         | (496,545)          |
| Inventories  | 5,740               | (26,288)           |
| Prepaid expenses and other   | (651,670)           | (218,112)          |
| Accounts payable and accrued expenses  | 44,485              | 130,017            |
| Deferred revenue   | 14,514              | (395,392)          |
| <b>Net Cash (Used in) Operating Activities</b>   | <b>(5,627,964)</b>  | <b>(2,388,486)</b> |
| <b>Cash Flows from Investing Activities</b>  |                     |                    |
| Purchase of land, building and equipment   | (669,654)           | (1,625,338)        |
| Insurance proceeds for fixed asset impairment  | 167,952             | 121,238            |
| Proceeds from sale of investments  | 28,752,770          | 28,729,131         |
| Purchase of investments  | (26,609,395)        | (26,198,853)       |
| <b>Net Cash Provided by Investing Activities</b>   | <b>1,641,673</b>    | <b>1,026,178</b>   |
| <b>Cash Flows from Financing Activities</b>  |                     |                    |
| Contributions restricted for capital campaign  | 5,140,814           | -                  |
| <b>Net Cash Provided by Financing Activities</b>   | <b>5,140,814</b>    | <b>-</b>           |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 1,154,523           | (1,362,308)        |
| Cash and Cash Equivalents, beginning of year   | 685,090             | 2,047,398          |
| <b>Cash and Cash Equivalents, end of year</b>  | <b>\$ 1,839,613</b> | <b>\$ 685,090</b>  |

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

# McNay Art Museum

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

#### *Organization*

The McNay Art Museum (the Museum) is a not-for-profit organization with the mission of engaging a diverse community in the discovery and enjoyment of the visual arts. The Museum is located in San Antonio, Texas.

#### *Basis of Presentation*

The financial statements of the Museum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Net Assets*

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

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. net Assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees and, accordingly, include operating and non-operating assets and land, buildings, and equipment. Non-operating activities consist of earnings on permanently endowed funds that the donor has designated as without donor restrictions to be utilized for operations and without donor restrictions activities not considered "operating" expenditures.

With Donor Restrictions - Net assets whose use by the Museum is subject to donor-imposed restrictions that can be fulfilled by actions of the Museum pursuant to those restrictions, that expire by the passage of time, or net assets subject to donor-imposed restrictions that must be maintained permanently by the Museum. In addition, donor restricted net assets include earnings, both realized and unrealized, on funds whose earnings are restricted for a specific purpose by the donor. See notes 10 and 15.

#### *Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended, June 30, 2018, from which the summarized information was derived.

#### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Museum considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents that are part of the long-term investment pool are shown within investments as those resources are not used for daily operating purposes.

# McNay Art Museum

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Accounts Receivable*

Accounts receivable represent amounts due in less than one year. The Museum reviews all outstanding amounts and determines collectability of its receivables based on past experience with customers. Credit losses have been minimal and consistent with management's estimates. No allowance has been established based on its historical collections experience. The Museum recognized no bad debts from accounts receivable as of June 30, 2019 or 2018.

#### *Contributions Receivable*

Unconditional promises to give from grantors and donors are measured at fair value and recorded as revenues in the period in which the promise to give is received. Pledges receivable are recorded at the original pledge amount, net of a present value discount, which approximates net realizable value. Management reviews all outstanding amounts and determines collectability based on past experience with the Museum's donors. As of June 30, 2019 and 2018 no allowance has been established against these receivables as management considers them collectible. The Museum recognized bad debts from contributions receivable of \$11,294 and \$3,600 as of June 30, 2019 and 2018, respectively.

#### *Inventories*

Inventories consisting of items held for resale at the Museum store are carried at the lower of cost (first-in, first-out) or market.

#### *Investments*

Investments are reported at fair market value as of the date of the financial statements.

#### *Prepaid Expenses and Other*

Prepaid expenses are primarily comprised of advance payments made to vendors for insurance and exhibitions. Other assets of the Museum are recorded at cost when purchased or at the fair market value at the date of gift when assets are contributed.

#### *Land, Buildings, and Equipment*

Land, buildings, and equipment are recorded at cost or at the fair market value at the date of gift when assets are contributed. The Museum's capitalization policy requires that all items purchased with a useful life of greater than one year and a cost in excess of \$5,000 be capitalized. Depreciation is recorded in the land, buildings, and equipment fund using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

|  | Years |
|--|-------|
| Buildings, improvements, and landscaping | 25    |
| Furniture and equipment                  | 10    |
| Computer and audio visual equipment      | 5     |

**McNay Art Museum**  
**Notes to Financial Statements**

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**1. Organization and Summary of Significant Accounting Policies (Continued)**

*Art Collection*

In conformity with industry practice, items purchased or donated for the collection are not recorded as assets in the accompanying statement of financial position. Purchases are reported as decreases in net assets without donor restrictions or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. See note 13.

The collections of the Museum represent one of its most valuable assets; therefore the Museum employs full-time employees to manage stewardship of the collections in accordance with its collection and acquisition policy. Each item in the collection is numbered and catalogued in an electronic database. The Museum loans collection items to other museums from time to time for display purposes.

Contributions reflected in the financial statements include only recorded cash receipts and pledges, and do not include gifts of works of art received by the Museum, valued at \$646,550 and \$1,325,625 for the years ended June 30, 2019 and 2018, respectively.

Gifts of cash or other property restricted by donors for the purchase of items for the collection are classified as with donor restrictions. Acquisitions are made in accordance with the terms of the gifts.

*Revenue Recognition*

The Museum recognizes revenue from programs, memberships, admissions, rentals and exhibitions. Revenue is recognized when earned or given. Amounts contributed for exhibitions in future periods are recorded as deferred revenue.

Special events revenue is recorded at the time of the event net of direct cost of benefits to attendees.

*Contributions*

The Museum reports gifts of cash and other assets as restricted support if they are received with donor stipulations as to time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

# McNay Art Museum

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *In-Kind Contributions*

The Museum received in-kind contributions of goods and services. These are reported as in-kind contributions revenue and expense on the statements of activities. Goods and services received for the years ended June 30, 2019 and 2018 were valued at \$138,495 and \$63,642, respectively.

#### *Deferred Revenue*

Deferred revenue represents revenue attributable to events that have not yet occurred.

#### *Fair Value of Financial Instruments*

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), 820-10, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that the Museum has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Limited Partnerships are valued using net asset value (NAV) of the partnership assets held.

#### *Federal Income Tax Exemption*

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in these statements. The Museum follows the provisions of ASC 740-10 *Accounting for Uncertainty in Income Taxes*, which requires recognition and disclosure of uncertain tax positions in the financial statements. The Museum's management believes that it has appropriate support for any tax positions taken and that it has no material uncertain tax positions. Accordingly, it will not recognize any liability for uncertain tax benefits. For the years ended June 30, 2019 and 2018, the Museum did not recognize any interest or penalties in the financial statements.

Tax years 2016-2018 remain open to examination by the taxing jurisdictions which the Museum is subject to, and these periods have not been extended beyond the applicable statute of limitations.

**McNay Art Museum**  
**Notes to Financial Statements**

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**1. Organization and Summary of Significant Accounting Policies (Continued)**

*Functional allocation of expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. The allocation of utilities is calculated using square footage used by the program. The allocation of salaries is calculated either by actual hours worked for special events and rentals or as a percentage of time worked for projects such as exhibitions. All other allocated costs are based on actual figures.

*Advertising*

Advertising costs are expensed as incurred. Advertising expense was \$181,219 and \$199,535 for the years ended June 30, 2019 and 2018, respectively.

*Estimates*

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect*

*Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Museum until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

*Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Museum's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

# McNay Art Museum

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect (Continued)*

##### *Updating the Definition of Collections (Topic 958)*

In March 2019, the FASB issued ASU 2019-03, Updating the Definition of Collections to modify the definition of the term “collections” and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). The ASU is effective for the Museum’s fiscal years beginning after December 15, 2019.

##### *Restricted Cash (Topic 230)*

This ASU was issued to address diversity in practice with regard to the classification and presentation of changes in restricted cash on the statement of cash flows. The provisions of the ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. To meet this requirement amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018.

### 2. Concentration Risk

Financial instruments which potentially subject the Museum to a concentration risk consist principally of cash.

The Museum maintains multiple bank accounts in San Antonio, Texas. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest-bearing accounts, and without limit for non-interest-bearing transaction accounts. The museum holds amounts over the \$250,000 insured limit at various levels during the year.

### 3. Liquidity

The Museum’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

|  |               |
|--|---------------|
| Cash and cash equivalents                | \$ 1,839,613  |
| Accounts receivable                      | 89,797        |
| Contributions receivable - current       | 2,228,399     |
| Investments appropriated for current use | 7,645,693     |
|  | <hr/>         |
|  | \$ 11,803,502 |

The Museum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents and various receivables. In addition, appropriation from the endowment of approximately \$2 million, will be available in the next year.

# McNay Art Museum

## Notes to Financial Statements

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### 3. Liquidity (Continued)

The Museum's invested endowment supports general operations, specific program activity, and certain non-operating strategic activity. The Museum applies its spending policy to its invested endowment to determine the amount available for current use. The Museum's investment policy ensures that investment liquidity will satisfy its current endowment based on operating and programmatic needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Museum operates with a balanced budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by endowment spending rate or other donor restricted sources. The Museum's invested endowment includes board designated funds to support general operations based on its spending policy, and for other non-operating strategic purposes. Although the Museum does not intend to utilize these board designated funds beyond their budgeted usage, these funds could be made available by Board vote if necessary.

### 4. Contributions Receivable

Contributions receivable at June 30, 2019 and 2018 amounted to \$4,254,898 and \$1,083,391, respectively.

Pledges receivable are expected to be collected as follows during the years ending June 30:

|                                       |    |                     |
|---------------------------------------|----|---------------------|
| 2020                                  | \$ | 2,228,399           |
| 2021                                  |    | 1,391,668           |
| 2022                                  |    | 334,831             |
| 2023                                  |    | 50,000              |
| 2024                                  |    | 50,000              |
| Thereafter                            |    | 200,000             |
| <b>Total Contributions Receivable</b> |    | <b>\$ 4,254,898</b> |

No discount has been applied to the contributions receivable at June 30, 2019 and 2018 as the amount is immaterial to the financial statements.

### 5. Investments

The carrying value of investments, which is the fair value, is based upon values provided by external investment managers. Fees paid to the external investment managers of \$380,564 and \$318,502 were withdrawn from the account during the year ended June 30, 2019 and 2018 respectively. Therefore, valuation of the investments at year-end reflects value net of fees. Fair values are summarized as follows:

Total investments are composed of the following at June 30, 2019:

|                                       | Fair Value           |
|---------------------------------------|----------------------|
| Money market funds                    | \$ 2,357,184         |
| Corporate debt securities             | 11,628,936           |
| Equity securities                     | 33,480,120           |
| Limited partnership - publicly traded | 2,931,990            |
| Limited partnership - privately held  | 4,229,589            |
| <b>Total Investments</b>              | <b>\$ 54,627,819</b> |

# McNay Art Museum

## Notes to Financial Statements

### 5. Investments (Continued)

Total investments are composed of the following at June 30, 2018:

|                                       | Fair Value           |
|---------------------------------------|----------------------|
| Money market funds                    | \$ 2,777,236         |
| Corporate debt securities             | 10,570,258           |
| Equity securities                     | 32,611,860           |
| Limited partnership - publicly traded | 4,326,242            |
| Limited partnership - privately held  | 4,576,692            |
| <b>Total Investments</b>              | <b>\$ 54,862,288</b> |

The Museum's investment strategy is to hold the majority of their investments in securities that can be traded or sold at any time in order to meet the cash flow needs of the Museum. Management of the Museum classifies investments as short-term based on the following criteria: 1) Estimated amounts to be appropriated from endowed funds based on the spending policy 2) Amounts to be released from restriction based on annual spending budgets 3) Amount designated by the board to be available for operational cash flow needs. This amount is determined annually.

### 6. Fair Values of Financial Instruments

The Museum uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how the Museum measures fair value, refer to note 1.

The following tables set forth by level, within the fair value hierarchy, these Museum assets at fair value as of June 30, 2019:

|   | Level 1              | Level 2     | Level 3     | Total                |
|---|----------------------|-------------|-------------|----------------------|
| Money market funds                        | \$ 2,357,184         | \$ -        | \$ -        | \$ 2,357,184         |
| Corporate debt securities                 | 11,628,936           | -           | -           | 11,628,936           |
| Equity securities                         | 33,480,120           | -           | -           | 33,480,120           |
| Limited partnership publicly traded       | 2,931,990            | -           | -           | 2,931,990            |
| <b>Total Assets at Fair Value</b>         | <b>\$ 50,398,230</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 50,398,230</b> |
| Limited partnerships -<br>measured at NAV | \$ -                 | \$ -        | \$ -        | \$ 4,229,589         |

**McNay Art Museum**  
**Notes to Financial Statements**

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**6. Fair Values of Financial Instruments (Continued)**

The following tables set forth by level, within the fair value hierarchy, these Museum assets at fair value as of June 30, 2018:

|   | Level 1              | Level 2     | Level 3     | Total                |
|---|----------------------|-------------|-------------|----------------------|
| Money market funds                        | \$ 2,777,236         | \$ -        | \$ -        | \$ 2,777,236         |
| Corporate debt securities                 | 10,570,258           | -           | -           | 10,570,258           |
| Equity securities                         | 32,611,860           | -           | -           | 32,611,860           |
| Limited partnership publicly traded       | 4,326,242            | -           | -           | 4,326,242            |
| <b>Total Assets at Fair Value</b>         | <b>\$ 50,285,596</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 50,285,596</b> |
| Limited partnerships -<br>measured at NAV | \$ -                 | \$ -        | \$ -        | \$ 4,576,692         |

**7. Land, Buildings, and Equipment**

Major classification of land, buildings, and equipment are summarized below:

| <i>Years ended June 30,</i>   | 2019                 | 2018                 |
|---|----------------------|----------------------|
| Land  | \$ 585,962           | \$ 585,962           |
| Buildings, improvements, and landscaping                                  | 50,630,855           | 50,529,227           |
| Furniture and equipment   | 2,416,166            | 2,580,100            |
| <b>Total Land, Buildings and Equipment</b>                                | <b>53,632,983</b>    | <b>53,695,289</b>    |
| <b>Less: Accumulated depreciation</b>                                     | <b>(29,372,605)</b>  | <b>(27,670,229)</b>  |
| <b>Net Land, Buildings, and Equipment before Construction in Progress</b> | <b>24,260,378</b>    | <b>26,025,060</b>    |
| <b>Construction in progress</b>   | <b>472,463</b>       | <b>8,000</b>         |
| <b>Net Land, Buildings, Equipment and Construction in Progress</b>        | <b>\$ 24,732,841</b> | <b>\$ 26,033,060</b> |

Depreciation expense totaled \$1,932,792 and \$2,009,967 for the years ended June 30, 2019 and 2018, respectively. For fiscal years 2019 and 2018 the Museum had disposals of improvements and furniture and equipment of \$37,088 and \$0, respectively.

**8. Involuntary Conversion**

On April 12, 2016, the Museum sustained heavy roof damage from hailstorms, creating an impairment to the value of the assets. Assets were appropriately disposed and a gain was recorded in 2016. Damage was recoverable through insurance and all assets have been restored with insurance proceeds. For fiscal years 2019 and 2018 insurance proceeds were \$167,952 and \$121,238, respectively and are recorded in the statement of activities as a gain on involuntary conversion.

# McNay Art Museum

## Notes to Financial Statements

### 9. Operating Leases

The Museum has several non-cancelable operating leases for equipment that expire at different dates through June 2023. The following are future minimum lease payments under these leases:

| <i>Year ending June 30,</i> | <i>Amount</i> |         |
|-----------------------------|---------------|---------|
| 2020                        | \$            | 48,864  |
| 2021                        |               | 48,864  |
| 2022                        |               | 48,864  |
| 2023                        |               | 48,864  |
|                             | \$            | 195,456 |

Total expense was \$79,419 and \$89,604 for the years ended June 30, 2019 and 2018, respectively.

### 10. Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods are as follows:

| <i>Years ended June 30,</i>                                     | <i>2019</i>          | <i>2018</i>          |
|---|----------------------|----------------------|
| Perpetual in nature:  |                      |                      |
| Auditorium and gallery maintenance                              | \$ 700,000           | \$ 700,000           |
| Art acquisitions  | 737,691              | 737,691              |
| Educational programs, exhibitions and presentations             | 9,790,051            | 9,759,340            |
| Curatorial and conservation                                     | 1,000,000            | 1,000,000            |
| Director's chair  | 1,000,000            | 1,000,000            |
| Any activities of the museum                                    | 19,298,620           | 19,161,494           |
| Subject to expenditure for specified purpose and time:          |                      |                      |
| Art acquisitions/conservation                                   | 3,551,883            | 3,037,323            |
| Educational programs, exhibitions and presentations             | 2,179,118            | 1,690,139            |
| Capital Campaign  | 4,669,215            | -                    |
| Other   | 133,233              | 647,433              |
| <b>Net Assets with Donor Restrictions</b>                       | <b>\$ 43,059,811</b> | <b>\$ 37,733,420</b> |
| Net assets without donor restrictions consist of the following: |                      |                      |
| Undesignated  | \$ 11,678,361        | \$ 12,183,345        |
| Designated for land, buildings, and equipment                   | 25,122,105           | 26,213,388           |
| Board designated  | 6,156,928            | 6,500,426            |
| <b>Net Assets Without Donor Restrictions</b>                    | <b>\$ 42,957,394</b> | <b>\$ 44,897,159</b> |

# McNay Art Museum

## Notes to Financial Statements

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### 11. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of other events specified by donors.

| <i>Years ended June 30,</i>                        | 2019                | 2018                |
|--|---------------------|---------------------|
| Art acquisitions                                   | \$ 155,087          | \$ 382,000          |
| Exhibitions, presentation, and education           | 1,006,890           | 723,363             |
| Capital Campaign                                   | 472,463             | -                   |
| Other  | 373,533             | 249,057             |
| <b>Total Net Assets Released from Restrictions</b> | <b>\$ 2,007,973</b> | <b>\$ 1,354,420</b> |

Transfers and appropriations on the statement of activities reflect investment returns appropriated from endowments.

### 12. Contributed Services

A substantial number of volunteers have made significant contributions of their time to develop the Museum, especially its fundraising and educational programs. Approximately 12,000 volunteer hours were contributed during each of the years ended June 30, 2019 and 2018. Accounting principles do not permit recording the value of this type of contributed services in the financial statements.

### 13. Objects Held for Display

Objects held for display (the Museum collection) consist primarily of a strong collection of 19th and 20th century European and American paintings, prints, sculptures, and one of the leading collections of theatre arts in the country. The Museum collection is essential to its mission. The Museum has established stewardship procedures for the accession (acquisition), deaccession (disposal), loan, and care of the collection.

As noted in note 1, objects held for display are not recorded in the statement of financial position of the Museum. The proceeds received as a result of any deaccessions are used to acquire other works of art for the collection.

### 14. Retirement Plan

The Museum established a defined contribution 403(b) retirement plan (the Plan) effective April 2003 and makes bi-weekly contributions to the Plan on behalf of eligible employees. The Plan investments are employee-directed. The Museum contributed \$152,336 and \$151,120 to the plan for the fiscal years ended June 30, 2019 and 2018, respectively. Employees working more than 20 hours per week are eligible for a 6% employer contribution beginning on the first anniversary of their hire date, after completion of 1000 hours of service, and attaining the age of 20½ years.

**McNay Art Museum**  
**Notes to Financial Statements**

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## **15. Endowment Funds**

### *General Information*

The Museum maintains various endowment funds established for a variety of purposes. These endowments include both endowment contributions with donor restrictions, and funds designated by the Board of Trustees to function as endowments. The endowment funds with donor restrictions fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2008. This policy defines the Museum's interpretation of the provisions of this law as they relate to the prudent management of its endowment fund.

### *Endowment "Principal" Interpretation*

The Museum has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies as net assets with donor restrictions the original value of gifts donated to the endowment (the "Principal") in perpetuity. The remaining portion of the endowment fund with donor restrictions that is not classified as held in perpetuity is classified as non-operating or with donor restrictions and held until appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

### *Endowment Investment Objectives*

Endowment investments are managed by professional money manager(s) under the direction of the Investment Committee of the Board of Trustees of the Museum. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

To satisfy this performance objective, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### *Endowment "Income" Appropriation (Spending Policy)*

The Museum's policy is to appropriate for distribution each year a percentage of its endowment fund's average fair value based on a 12-quarter rolling average as of March 31 of the preceding year. For the fiscal year ended June 30, 2019, the distribution percentage was 5%. The percentage will remain at 5% until further action by the Board of Trustees. In establishing this policy, the Museum considered the long-term expected return on its endowment.

# McNay Art Museum

## Notes to Financial Statements

### 15. Endowment Funds (Continued)

Accordingly, over the long term, the Museum expects the spending policy to allow its endowment to grow at an average of 4% annually. 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 provide additional real growth through new gifts and investment return.

In accordance with UPMIFA, in all its endowment spending activity, the Museum considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Museum and the endowment fund with donor restrictions
3. General economic and investment market 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 Composition by Type of Fund as of June 30, 2019*

|                                  | Without Donor<br>Restrictions* | With Donor<br>Restrictions | Total                |
|----------------------------------|--------------------------------|----------------------------|----------------------|
| Board designated endowment funds | \$ 2,727,864                   | \$ -                       | \$ 2,727,864         |
| Donor endowment funds            | 11,302,630                     | 36,992,382                 | 48,295,012           |
| <b>Total Funds</b>               | <b>\$ 14,030,494</b>           | <b>\$ 36,992,382</b>       | <b>\$ 51,022,876</b> |

#### *Changes in Endowment for the Year Ended June 30, 2019*

|  | Without Donor<br>Restrictions* | With Donor<br>Restrictions | Total                |
|--|--------------------------------|----------------------------|----------------------|
| Endowment, beginning of period             | \$ 14,560,225                  | \$ 36,193,566              | \$ 50,753,791        |
| Investment Return:                         |                                |                            |                      |
| Interest and dividends                     | 676,948                        | 261,904                    | 938,852              |
| Net appreciation (realized and unrealized) | 850,075                        | 888,678                    | 1,738,753            |
| <b>Total Investment Return</b>             | <b>16,087,248</b>              | <b>37,344,148</b>          | <b>53,431,396</b>    |
| Contributions                              | 14                             | 133,720                    | 133,734              |
| Transfers/appropriations                   | (2,056,768)                    | -                          | (2,056,768)          |
| Release from restriction                   | -                              | (485,486)                  | (485,486)            |
| <b>Total Funds</b>                         | <b>\$ 14,030,494</b>           | <b>\$ 36,992,382</b>       | <b>\$ 51,022,876</b> |

**McNay Art Museum**  
**Notes to Financial Statements**

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**15. Endowment Funds (Continued)**

*Endowment Composition by Type of Fund as of June 30, 2018*

|                                  | Without Donor<br>Restrictions* | With Donor<br>Restrictions | Total                |
|----------------------------------|--------------------------------|----------------------------|----------------------|
| Board designated endowment funds | \$ 2,718,937                   | \$ -                       | \$ 2,718,937         |
| Donor endowment funds            | 11,841,288                     | 36,193,566                 | 48,034,854           |
| <b>Total Funds</b>               | <b>\$ 14,560,225</b>           | <b>\$ 36,193,566</b>       | <b>\$ 50,753,791</b> |

\* Represents earnings on endowed funds, with donor restrictions that are designated for operations and board designated endowments.

*Changes in Endowment for the Year Ended June 30, 2018*

|  | Without Donor<br>Restrictions* | With Donor<br>Restrictions | Total                |
|--|--------------------------------|----------------------------|----------------------|
| Endowment, beginning of period             | \$ 12,245,726                  | \$ 36,451,909              | \$ 48,697,635        |
| Investment Return:                         |                                |                            |                      |
| Interest and dividends                     | 742,889                        | 241,866                    | 984,755              |
| Net appreciation (realized and unrealized) | 3,675,180                      | 695,862                    | 4,371,042            |
| <b>Total Investment Return</b>             | <b>4,418,069</b>               | <b>937,728</b>             | <b>5,355,797</b>     |
| Contributions                              | 6                              | 200                        | 206                  |
| Transfers/appropriations                   | (2,103,576)                    | -                          | (2,103,576)          |
| Release from restriction                   | -                              | (1,196,271)                | (1,196,271)          |
| <b>Total Funds</b>                         | <b>\$ 14,560,225</b>           | <b>\$ 36,193,566</b>       | <b>\$ 50,753,791</b> |

\* Represents earnings on endowed funds, with donor restrictions that are designated for operations and board designated endowments.

**16. Subsequent Events**

Management has evaluated events subsequent to June 30, 2019 and through September 27, 2019, which is the date the financial statements were available to be issued.