Museum of Contemporary Art

Financial Report
June 30, 2025

Contents

Independent Auditor's Report

RSM US LLP

Board of Trustees
Museum of Contemporary Art

Opinion
We have audited the financial statements of Museum of Contemporary Art (the Museum), which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of June 30, 2025 and 2024, 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.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Chicago, Illinois
November 12, 2025

Museum of Contemporary Art

Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	**$ 10,786,192**	$ 6,933,568
Receivables:		
Contributions, net	**2,614,505**	2,869,325
Investment redemptions	**-**	2,350,696
Other	**168,382**	365,501
Inventories	**789,967**	925,439
Prepaid expenses and other	**833,499**	855,857
Short-term investments	**5,177,871**	6,051,481
Total current assets	**20,370,416**	20,351,867
Investments	**152,405,986**	147,007,328
Contributions receivable, net	**187,615**	511,085
Property and equipment, net	**36,654,626**	37,506,140
Right-of-use operating lease assets	**3,474,094**	4,297,088
Interest rate swap	**245,096**	772,400
	192,967,417	190,094,041
Total assets	**$ 213,337,833**	$ 210,445,908
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 2,558,874**	$ 2,516,938
Deferred revenue	**408,028**	309,336
Accrued expenses	**2,729,572**	2,602,449
Current portion of lease liabilities	**763,833**	785,649
Total current liabilities	**6,460,307**	6,214,372
Bond payable, net of unamortized bond issuance costs	**29,980,021**	29,960,043
Lease liabilities—operating	**2,836,748**	3,600,581
Total liabilities	**39,277,076**	39,774,996
Net assets:		
Without donor restrictions	**129,346,428**	122,761,320
With donor restrictions	**44,714,329**	47,909,592
Total net assets	**174,060,757**	170,670,912
Total liabilities and net assets	**$ 213,337,833**	$ 210,445,908

See notes to financial statements.

Museum of Contemporary Art

Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Public support	**$ 4,468,845**	**$ 1,298,798**	**$ 5,767,643**	$ 4,386,292	$ 1,699,166	$ 6,085,458
Tax appropriations	**1,700,589**	**-**	**1,700,589**	1,940,307	-	1,940,307
Government grants	**154,888**	**154,464**	**309,352**	389,581	280,875	670,456
Special events:						
Event contributions	**1,717,813**	**145,000**	**1,862,813**	2,265,258	-	2,265,258
Auction and ticket sales	**7,473,073**	**-**	**7,473,073**	239,564	-	239,564
In-kind contributions—donated artwork sold at auction	**7,092,000**	**-**	**7,092,000**	-	-	-
Less cost of direct benefits to donors	**(2,279,806)**	**-**	**(2,279,806)**	(1,390,206)	-	(1,390,206)
Less cost of direct benefits to donors—donated artwork sold at auction	**(7,092,000)**		**(7,092,000)**	-	-	-
Net special events revenue	**6,911,080**	**145,000**	**7,056,080**	1,114,616	-	1,114,616
Ancillary services	**4,058,075**	**-**	**4,058,075**	4,183,370	-	4,183,370
Exhibitions, collection, education and performance programs	**93,217**	**-**	**93,217**	185,638	-	185,638
Membership and admissions	**1,850,905**	**-**	**1,850,905**	1,875,708	-	1,875,708
Other revenue	**1,339,445**	**-**	**1,339,445**	1,720,176	-	1,720,176
Investment spending allocation	**6,639,000**	**-**	**6,639,000**	6,257,946	-	6,257,946
Net assets released from restrictions	**7,865,306**	**(7,865,306)**	**-**	9,785,122	(9,785,122)	-
Total public support and revenue	**35,081,350**	**(6,267,044)**	**28,814,306**	31,838,756	(7,805,081)	24,033,675
Expenses:						
Program services:						
Museum programs	**19,076,640**	**-**	**19,076,640**	19,615,389	-	19,615,389
Guest services	**2,261,161**	**-**	**2,261,161**	2,417,583	-	2,417,583
Ancillary services	**5,555,522**	**-**	**5,555,522**	5,681,733	-	5,681,733
Support services:						
Development and membership	**3,492,219**	**-**	**3,492,219**	4,381,223	-	4,381,223
Management and general	**4,528,474**	**-**	**4,528,474**	4,498,051	-	4,498,051
Total expenses	**34,914,016**	**-**	**34,914,016**	36,593,979	-	36,593,979
Change in operating net assets	**167,334**	**(6,267,044)**	**(6,099,710)**	(4,755,223)	(7,805,081)	(12,560,304)
Nonoperating income (loss):						
Investment gain, net of fees	**12,837,648**	**5,669,502**	**18,507,150**	13,138,836	4,594,208	17,733,044
Investment spending allocation	**(6,639,000)**	**-**	**(6,639,000)**	(6,257,946)	-	(6,257,946)
Endowment appropriations—released from restrictions	**1,068,476**	**(1,068,476)**	**-**	888,986	(888,986)	-
Change in fair value of interest rate swap	**(527,304)**	**-**	**(527,304)**	(167,806)	-	(167,806)
Strategic initiatives	**-**	**-**	**-**	(767,152)	-	(767,152)
Loss on disposals	**(322,046)**	**-**	**(322,046)**	(479,759)	-	(479,759)
Contributions for collection acquisitions	**499,721**	**-**	**499,721**	30,000	-	30,000
Collection funds—released from restrictions	**1,529,245**	**(1,529,245)**	**-**	2,249,800	(2,249,800)	-
Collection acquisitions	**(2,028,966)**	**-**	**(2,028,966)**	(1,782,400)	-	(1,782,400)
Total nonoperating income	**6,417,774**	**3,071,781**	**9,489,555**	6,852,559	1,455,422	8,307,981
Increase (decrease) in net assets	**6,585,108**	**(3,195,263)**	**3,389,845**	2,097,336	(6,349,659)	(4,252,323)
Net assets:						
Beginning	**122,761,320**	**47,909,592**	**170,670,912**	120,663,984	54,259,251	174,923,235
Ending	**$ 129,346,428**	**$ 44,714,329**	**$ 174,060,757**	$ 122,761,320	$ 47,909,592	$ 170,670,912

See notes to financial statements.

Museum of Contemporary Art

Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services				Support Services				
	Museum Programs	Guest Services	Ancillary Services	Total	Development and Membership	Fundraising Events	Strategic Initiatives	Management and General	Total
Salaries and benefits	$ 7,499,705	$ 1,423,473	$ 1,634,730	$ 10,557,908	$ 1,887,681	$ 224,014	$ -	$ 2,025,360	$ 14,694,963
Professional and contracted services	5,838,594	347,949	974,469	7,161,012	531,551	721,735	-	1,406,380	9,820,678
Facilities management	939,964	96,575	240,361	1,276,900	149,154	-	-	193,412	1,619,466
Cost of sales	-	-	1,548,102	1,548,102	-	-	-	-	1,548,102
Donated artwork sold at auction	-	-	-	-	-	7,092,000	-	-	7,092,000
Marketing and communications	473,574	38,079	144,661	656,314	142,549	116,652	-	77,825	993,340
Operations and supplies	1,832,764	127,841	350,527	2,311,132	400,838	1,100,553	-	385,299	4,197,822
Miscellaneous	20,808	31,878	182,670	235,356	78,716	116,852	-	48,935	479,859
Bond interest and fees	629,137	74,572	183,218	886,927	115,171	-	-	149,346	1,151,444
Depreciation and amortization	1,842,094	120,794	296,784	2,259,672	186,559	-	-	241,917	2,688,148
Total functional expenses	$ 19,076,640	$ 2,261,161	$ 5,555,522	$ 26,893,323	$ 3,492,219	$ 9,371,806	$ -	$ 4,528,474	$ 44,285,822

See notes to financial statements.

Museum of Contemporary Art

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services				Support Services				
	Museum Programs	Guest Services	Ancillary Services	Total	Development and Membership	Fundraising Events	Strategic Initiatives	Management and General	Total
Salaries and benefits	$ 7,698,007	$ 1,494,436	$ 1,874,341	$ 11,066,784	$ 2,316,277	$ 239,205	$ -	$ 2,324,269	$ 15,946,535
Professional and contracted services	6,187,656	379,013	889,134	7,455,803	666,029	412,718	765,427	1,090,400	10,390,377
Facilities management	936,196	92,980	338,073	1,367,249	386,246	267,356	-	196,242	2,217,093
Cost of sales	-	-	1,412,996	1,412,996	-	-	-	-	1,412,996
Marketing and communications	449,738	55,912	173,244	678,894	190,435	36,979	-	102,722	1,009,030
Operations and supplies	1,874,002	139,206	355,430	2,368,638	346,565	424,822	1,725	340,844	3,482,594
Miscellaneous	-	43,207	138,196	181,403	89,976	9,126	-	46,318	326,823
Bond interest and fees	592,297	73,006	171,623	836,926	132,304	-	-	136,269	1,105,499
Depreciation and amortization	1,877,493	139,823	328,696	2,346,012	253,391	-	-	260,987	2,860,390
Total functional expenses	$ 19,615,389	$ 2,417,583	$ 5,681,733	$ 27,714,705	$ 4,381,223	$ 1,390,206	$ 767,152	$ 4,498,051	$ 38,751,337

See notes to financial statements.

Museum of Contemporary Art

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 3,389,845**	$ (4,252,323)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization expenses	**1,865,154**	2,117,280
Amortization of right of use asset	**822,994**	743,110
Change in discount on pledges receivable	**17,048**	(56,465)
Loss on disposals	**322,046**	479,759
Acquisitions of art	**2,028,966**	1,782,400
Net realized and unrealized gain on investments	**(17,575,504)**	(17,323,633)
Change in value of interest rate swap	**527,304**	167,806
Changes in operating assets and liabilities:		
Contributions and other receivables	**758,361**	2,921,695
Inventories, prepaid expenses and other	**157,830**	302,680
Accounts payable and accrued expenses	**169,059**	811,712
Deferred revenue	**98,692**	57,877
Lease liability	**(785,649)**	(684,536)
Net cash used in operating activities	**(8,203,854)**	(12,932,638)
Cash flows from investing activities:		
Purchases of investments	**(55,919,047)**	(150,309,269)
Proceed from disposition of investments	**71,320,199**	148,882,660
Purchase of property and equipment	**(1,315,708)**	(1,577,519)
Proceeds from sale of property and equipment	**-**	30,400
Acquisition of art	**(2,028,966)**	(1,782,400)
Net cash provided by (used in) investing activities	**12,056,478**	(4,756,128)
Net increase (decrease) in cash and cash equivalents	**3,852,624**	(17,688,766)
Cash and cash equivalents:		
Beginning	**6,933,568**	24,622,334
Ending	**$ 10,786,192**	$ 6,933,568
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 1,124,749**	$ 1,273,155

See notes to financial statements.

Note 1. Nature of Business

Museum of Contemporary Art (the Museum) was founded in 1967. The mission of the Museum is to be an innovative and compelling center of contemporary art where the public can directly experience the work and ideas of living artists and understand the historical, social, and cultural context of the art of our time. The Museum boldly interweaves exhibitions, performances, collections, and educational programs to excite, challenge, and illuminate its visitors and to provide insight into the creative process. The Museum aspires to engage a broad and diverse audience; create a sense of community; and be a place for contemplation, stimulation, and discussion about contemporary art and culture.

Note 2. Significant Accounting Policies

Basis of presentation: The financial statements of the Museum have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of cash and highly liquid financial instruments with original maturities of 90 days or less. Cash and cash equivalents held within the Museum's long-term investment portfolio are considered investments. The Museum maintains its cash in bank deposit accounts that at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Museum evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits. The Museum has not experienced any losses in such accounts.

Inventories: Inventory is measured at the lower of cost and net realizable value (NRV), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal, and transportation.

Investments: Investments are reported at fair value. The Museum maintains a short-term investment portfolio through Merrill Lynch, primarily consisting of money market funds and U.S. Treasury securities. Investments within this portfolio are classified as either short-term or long-term based on their maturity dates. For alternative investments, fair value is estimated as net asset value per share provided by the investee as a practical expedient (as disclosed in Note 5). Investment income or loss, including realized gains and losses on investments, changes in unrealized holding gains and losses, and interest and dividends, is included in total investment income in the statement of activities. Purchases and sales are recorded on a trade date basis. Interest income is recorded when earned. Dividends are accrued as of the dividend date.

The investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Property and equipment: Property and equipment is stated at cost and depreciated or amortized using the straight-line method over the estimated useful lives indicated in the table in Note 6. All assets are put into service using the half-year convention approach, which will depreciate or amortize at half of the annual rate in both the first and last year of the asset's useful life.

Leases: The Museum has operating leases for storage space. The Museum recognizes expense for operating leases on a straight-line basis over the lease term.

The Museum elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the storage leases.

Note 2. Significant Accounting Policies (Continued)

Bond issuance costs: Bond issuance costs are being amortized using the straight-line method, which approximates the effective-interest method, over the term of the bond and loan agreement, which is 10 years.

Interest rate swap: The Museum's interest rate swap is recognized as an asset or liability on the statement of financial position based on the measured fair value. Any change in fair value is recognized in the statement of activities.

Operating activities: The statements of activities include all of the Museum's revenues and expenses as part of operating activities including investment return allocated under the Museum's spending policy. Items not included are comprised of investment income derived from the Museum's investments, changes in fair value of the Museum's interest rate swap, expenses for strategic initiatives, loss on disposals, other contributions for collection acquisitions, and net assets released from restrictions related to collections, and collection acquisition expenditures.

Classification of net assets: Net assets of the Museum are classified as with or without donor restrictions depending on the presence and characteristics of the donor-imposed restrictions limiting the Museum's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

The separate classes of net assets are defined as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or whose donor-imposed stipulations have expired.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that can be satisfied by actions of the Museum or by the passage of time or net assets subject to donor-imposed stipulations that are to be maintained in perpetuity by the Museum. Generally, the donors of these assets permit the Museum to use all or part of the interest and dividends earned on these assets.

Public support: Public support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Public support with donor-imposed restrictions that are satisfied in the year of the contribution are recorded as public support without donor restrictions. Gains and losses on 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 law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions, including unconditional promises to give, are recorded when an unconditional commitment is received from the donor. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give that have a measurable performance or other barrier and a right of return or release are not recognized until the conditions on which they depend are substantially met. As of June 30, 2025 and 2024, there were no conditional contributions awarded but not yet recognized. Unconditional promises to give due in subsequent years are reported at the present value of future cash flows, using rates applicable to the years in which the promises are to be received. Amortization of the discount to present value is included in contribution revenue. Promises to give noncash assets are recorded at fair value.

Endowment contributions are donor restricted in perpetuity. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

Note 2. Significant Accounting Policies (Continued)

Government grants: Grant revenue consists of cost-reimbursable federal, state, and local contracts and grants. These contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Museum has incurred expenditures and/or met performance requirements in compliance with specific contract or grant provisions.

Revenue recognition: The following explains the performance obligations related to each revenue stream and how those are recognized for the years ended June 30, 2025 and 2024:

Special events: The Museum records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place. Special events are recorded net of direct expenses. Direct expenses related to special events amounted to $9,371,806 and $1,390,206 for the years ended June 30, 2025 and 2024, respectively.

In-kind contributions: Contributed nonfinancial assets include donated artwork for the Museum's fundraising auction. The donated artwork is recorded at fair value based on appraisals provided by the donating gallery.

Ancillary services: The Museum generates revenue from transaction-based fees, such as retail sales, rentals, and services for certain events. The retail revenue is recognized when the sale is completed. For purchases in the Museum store, the transaction is recognized at the point of sale when the customer takes possession of the merchandise. For online purchases, revenue recognition occurs when the merchandise is shipped. Service revenue related to catered and special events is recognized at the time the services are provided to its customers.

Admissions, programs and exhibitions: The Museum generates revenue from loaning its exhibitions to other museums. The Museum recognizes revenue at the point in time the exhibit is shipped to the other museum. Purchases of admission and program tickets for same-day usage are recognized immediately. Purchases for tickets for future events are deferred and are recognized when the event has occurred.

Membership: Revenue from memberships is recorded as a deferred liability when received and is recognized on a pro rata basis, which is calculated using the term of the membership. Membership revenue is earned when the Museum satisfies, on a monthly basis, the performance obligation, which is the term of the membership.

As of July 1, 2023, the opening balances of contract assets and deferred revenue were $430,419 and $251,459, respectively. Contract assets are included in other receivables on the statement of financial position.

Payment terms for dues, goods and services to members are billed to member accounts and are typically due in 30 days. Consideration for goods and services delivered to non-members is due at the point of sale. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Museum has determined that a significant financing component does not exist. The primary purpose of the Museum's invoicing terms is to provide members with simplified and predictable ways of purchasing products and services and not to receive financing from or providing financing to the member. Additionally, the Museum has elected the practical expedient that permits the Museum to not recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less.

Note 2. Significant Accounting Policies (Continued)

As discussed previously, revenue from ancillary services, admissions, programs and exhibitions is recognized at a point in time, whereas membership dues are recognized over time. Total revenue recognized at a point in time and over time as of June 30, 2025 and 2024, is as follows:

	2025	2024
Revenue recognized at a point in time	$ 5,477,585	$ 5,799,230
Revenue recognized over time	524,612	445,486
	$ 6,002,197	$ 6,244,716

Tax appropriations: The Museum receives support from the Chicago Park District (CPD) based on CPD's annual tax levy ordinance, which includes a levy for museums situated on CPD land (see Note 7). Support from CPD is recognized in the year funds are allocated to the Museum.

Functional allocation of expenses: Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Indirect costs, which include facilities management, marketing and communication, operations and supplies, bond interest and fees, and depreciation and amortization, have been allocated between the various program and support services based on the proportion of direct expenses. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Advertising expense: Advertising expense is recorded in the period which the advertising first takes place. Advertising expense was $481,989 and $637,804 for the years ended June 30, 2025 and 2024, respectively.

Income and property taxes: The Museum is a charitable and educational organization and is exempt from federal and state taxes under the provisions of Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code. The Illinois Department of Revenue has also declared both the Museum and its warehouse exempt from real estate property taxes.

The Financial Accounting Standards Board (FASB) issued guidance requiring tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained should the position be challenged by a taxing authority. Management believes that there are no material uncertain positions that require recognition in the financial statements. There are no tax positions for which a material change in any unrecognized tax benefit or liability is reasonably possible in the next 12 months.

The Museum files Form 990 in the U.S. federal jurisdiction and the State of Illinois.

Collection: In conformity with the practice commonly followed by most American art museums, the value of the Museum's collection is not included in the financial statements. Contributions for the purchase of art objects, the proceeds from deaccessions of art, and the cost of art objects purchased are reported as other changes in net assets in the statement of activities. The Museum's policy is to maintain and continue to acquire significant works of contemporary art (principally 1945 to present). From time to time, objects may be sold in accordance with the Museum's collection management policy. Deaccessions may result if one of the following conditions has been met (a) physical condition has deteriorated to a point beyond display or study or (b) an object is believed to be no longer pertinent to the scope of the Museum's collection. All proceeds realized from deaccessions are allocated to purchase other works of art. There were no amounts realized for deaccession of art for the years ended June 30, 2025 and 2024.

Note 2. Significant Accounting Policies (Continued)

Pending accounting pronouncement: In July 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this update provide (1) practical expedient—in developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset, and (2) accounting policy election—an entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. The amendments will be effective for the Museum's fiscal year ended June 30, 2027, and early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Museum's financial statements.

Reclassifications: Certain 2024 amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on net assets or changes in net assets previously reported.

Subsequent events: The Museum has evaluated subsequent events for potential recognition and/or disclosures through November 12, 2025, the date the financial statements were available to be issued.

Note 3. Liquidity and Availability

The following reflects the Museum's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2025	2024
Cash and cash equivalents	$ 10,786,192	$ 6,933,568
Contributions receivable	2,802,120	3,380,410
Investment redemptions	-	2,350,696
Other receivables	168,382	365,501
Investments	157,583,857	153,058,809
Total financial assets	171,340,551	166,088,984
Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions	(41,679,528)	(39,415,210)
Alternative investments	(16,362,927)	(26,335,186)
Financial assets available to meet general expenditures within one year over the next 12 months	$113,298,096	$100,338,588

As part of its liquidity plan, excess cash is invested in short-term investments, such as money markets, which can be drawn down when additional cash is required to meet operational needs. The Museum also has available borrowings on a line of credit that are available to meet short-term needs (see Note 11).

Note 4. Contributions Receivable

Included in contributions receivable are several unconditional promises to give generated from a capital campaign. They are included as follows as of June 30, 2025 and 2024:

	2025	2024
Amounts to be collected in:		
Less than one year	$ 2,714,505	$ 2,969,325
One to five years	234,337	574,855
Total contributions receivable	2,948,842	3,544,180
Less:		
Allowance for uncollectable contributions	(100,000)	(100,000)
Present value discount	(46,722)	(63,770)
Net contributions receivable	$ 2,802,120	$ 3,380,410

The discount rate used in determining the fair value of contributions receivable ranged from 3.78% to 5.03% for the years ended June 30, 2025 and 2024.

Note 5. Fair Value Measurements

The Museum follows accounting principles generally accepted in the United States of America (U.S. GAAP) on fair value measurements and disclosures, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but which are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed.

Level 3: Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Note 5. Fair Value Measurements (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable data requires significant judgment by the Museum. The Museum considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that instrument.

Investments with values that are based on quoted market prices in active markets are classified within Level 1 of the hierarchy. These include investments in money market funds, U.S. treasuries, common stock, and certain mutual funds.

The fair value of the Museum's investments in certain equity funds, hedge funds, and absolute return funds generally represents the amount the Museum would expect to receive if it were to liquidate its investments in funds excluding any redemption charges that may apply. The fair value of these funds is based on the applicable percentage ownership of the underlying funds' net assets as of the measurement date, as determined by the fund manager or the Museum. In determining fair value, the Museum utilizes valuations provided by the underlying investment funds. The underlying investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds are determined by the managers of the investment fund. Investments in these funds have certain restrictions on liquidation and may have underlying investments in private placements or other securities for which prices are not readily available. For these investments, the Museum uses the practical expedient. The practical expedient represents the applicable percentage ownership of the underlying funds' net assets as of the measurement date or net asset value (NAV).

Investments in private equity are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. The value of the limited partnership interests is held at the manager's reported NAV as a practical expedient.

The Museum has one limited partnership investment that is reported at cost using its appraised value as of the gift date, less returns of capital distributions, adjusted for impairment and observable price changes for identical or similar investments (measurement alternative). The Museum does not have significant influence over this limited partnership and is unable to determine its fair value. Based on qualitative assessment, no indicators of impairment were noted for the investment during the years ended June 30, 2025 and 2024, as the Museum continues to receive annual dividends from this investment. There were no upward or downward adjustments due to observable price changes.

Note 5. Fair Value Measurements (Continued)

The following tables present information about the Museum's assets and liabilities measured at fair value on a recurring basis at June 30, 2025 and 2024, and the valuation techniques used by the Museum to determine those fair values:

	2025				
	Fair Value Measurement Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
Assets					
Money market funds	$ 6,425,807	$ -	$ -	$ -	$ 6,425,807
U.S. government securities	17,390,058	-	-	-	17,390,058
Common stock:					
Domestic	7,101,495	-	-	-	7,101,495
International	3,063,851	-	-	-	3,063,851
Mutual funds:					
Fixed income	7,027,595	-	-	7,049,232	14,076,827
Large-cap equities	5,814,629	-	-	-	5,814,629
International equities	2,702,558	-	-	-	2,702,558
Commingled trusts:					
Small-cap equities	-	-	-	17,430,089	17,430,089
Large-cap equities	-	-	-	2,539,846	2,539,846
International equities	-	-	-	30,716,903	30,716,903
Hedge funds	-	-	-	18,576,719	18,576,719
Absolute return funds	-	-	-	3,730,325	3,730,325
Private equity	-	-	-	26,690,088	26,690,088
Total Investments, fair value	49,525,993	-	-	106,733,202	156,259,195
Limited partnership, cost	-	-	-	-	1,324,662
Total Investments	49,525,993	-	-	106,733,202	157,583,857
Interest rate swap	-	245,096	-	-	245,096
Total assets	$ 49,525,993	$ 245,096	$ -	$ 106,733,202	$ 157,828,953

Note 5. Fair Value Measurements (Continued)

	2024				
	Fair Value Measurement Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
Assets					
Money market funds	$ 761,226	$ -	$ -	$ -	$ 761,226
U.S. government securities	22,308,918	-	-	-	22,308,918
Common stock:					
Domestic	9,369,045	-	-	-	9,369,045
International	4,211,003	-	-	-	4,211,003
Mutual funds:					
Fixed income	8,944,360	-	-	6,699,011	15,643,371
Large-cap equities	6,285,483	-	-	-	6,285,483
International equities	3,332,945	-	-	-	3,332,945
Commingled trusts:					
Small-cap equities	-	-	-	13,694,045	13,694,045
Large-cap equities	-	-	-	3,619,895	3,619,895
International equities	-	-	-	29,089,179	29,089,179
Hedge funds	-	-	-	12,361,088	12,361,088
Absolute return funds	-	-	-	6,047,425	6,047,425
Private equity	-	-	-	24,964,048	24,964,048
Total Investments, fair value	55,212,980	-	-	96,474,691	151,687,671
Limited partnership, cost	-	-	-	-	1,371,138
Total Investments	55,212,980	-	-	96,474,691	153,058,809
Interest rate swap	-	772,400	-	-	772,400
Total assets	$ 55,212,980	$ 772,400	$ -	$ 96,474,691	$ 153,831,209

Note 5. Fair Value Measurements (Continued)

At year-end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held—June 30, 2025			
	Net Asset Value	Unfunded Commitments	Redemption Frequency, (If Eligible)	Redemption Notice Period
Mutual funds—fixed income	$ 7,049,232	$ -	Daily	10 days
Commingled trusts:				
Small-cap equities	11,341,096	-	Daily	10 days
Small-cap equities	4,773,291	-	Quarterly	30-90 days
Small-cap equities	1,315,702	-	Annually	45-90 days
Large-cap equities	2,539,846	-	Semimonthly	0-90 days
International equities	11,813,820	-	Weekly	Wednesday
International equities	4,547,249	-	Monthly	45 days
International equities	14,355,834	-	Semimonthly	0-90 days
Hedge funds	1,563,257	-	Daily	10 days
Hedge funds	2,095,797	-	Semimonthly	0-90 days
Hedge funds	3,745,163	-	Monthly	45 days
Hedge funds	4,261,144	-	Quarterly	45-90 days
Hedge funds	1,141,396	-	Semiannually	45 days
Hedge funds	5,769,962	-	Annually	45-90 days
Absolute return funds	3,730,325	-	Annually	45-90 days
Private equity	21,105,727	-	Daily, Quarterly, Monthly	1 - 10 days
Private equity	5,584,361	14,131,822	Not eligible	N/A
	$ 106,733,202	$ 14,131,822		

	Investments Held—June 30, 2024			
	Net Asset Value	Unfunded Commitments	Redemption Frequency, (If Eligible)	Redemption Notice Period
Mutual funds—fixed income	$ 6,699,011	$ -	Daily	10 days
Commingled trusts:				
Small-cap equities	8,650,798	-	Daily	10 days
Small-cap equities	3,870,263	-	Quarterly	30-90 days
Small-cap equities	1,172,984	-	Annually	45-90 days
Large-cap equities	3,619,895	-	Semimonthly	0-90 days
International equities	10,216,616	-	Weekly	Wednesday
International equities	3,688,928	-	Monthly	45 days
International equities	15,183,635	-	Semimonthly	0-90 days
Hedge funds	1,458,307	-	Daily	10 days
Hedge funds	2,684,993	-	Monthly	45 days
Hedge funds	2,644,832	-	Quarterly	45-90 days
Hedge funds	5,572,956	-	Annually	45-90 days
Absolute return funds	2,749,138	-	Quarterly	30-90 days
Absolute return funds	3,298,287	-	Annually	45-90 days
Private equity	24,964,048	12,085,455	Not eligible	N/A
	$ 96,474,691	$ 12,085,455		

Note 5. Fair Value Measurements (Continued)

Mutual funds—fixed income: Include investments in a bond fund which invests primarily in investment-grade fixed income securities, including obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities.

Commingled trusts: Includes investments in funds that focus on long-only domestic and international equities. The valuations were based on net asset values of the funds, whose investments were traded on an active market.

Hedge funds-equities (long/short): This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments between value and growth strategies, between small and large capitalization stakes, and between a net long position and a net short position. The investments are predominately exposed to the U.S. market but will also take advantage of investment opportunities in Europe, Asia and emerging markets. The fair values of the investments in this category have been estimated using net asset value per share of the hedge funds.

Absolute return funds: This category includes multistrategy absolute return funds focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Fund management initiates long and short positions targeting solid absolute risk-adjusted returns. The fair values of the absolute return funds in this category have been estimated using net asset value per share of the investments.

Private equity: This strategy invests in long-dated investment partnership vehicles, which may include private equity, venture capital, secondary interests in funds and distressed strategies.

Note 6. Property and Equipment

Property and equipment as of June 30, 2025 and 2024, is summarized as follows:

	Depreciable Useful Lives	2025	2024
Land		$ 3,523,258	$ 3,523,258
Building improvements	15-40	71,546,296	71,590,376
Furniture and fixtures	5	7,672,412	7,648,151
Computer equipment and software	3-5	880,820	904,619
Construction in progress		1,472,534	540,061
Total cost		85,095,320	84,206,465
Accumulated depreciation		(48,440,694)	(46,700,325)
Net property and equipment		$ 36,654,626	$ 37,506,140

Depreciation expense for the years ended June 30, 2025 and 2024, was $1,845,175 and $2,097,301, respectively.

Construction in progress consists primarily of new website development and building improvements. The total remaining cost to complete these projects at June 30, 2025, is expected to be approximately $300,000.

Note 7. Sale of Real Estate and Use Agreement

Museums in the Park is a program of the Chicago Park District, which provides monetary and other benefits to members whose cultural facilities are located on land owned by CPD. In addition, members are eligible to receive certain state funds and benefits, subject to availability. The Museum and CPD agreed to enter into an agreement of sale and purchase so that the Museum may avail itself of the benefits of the Museums in the Park program and so that CPD may benefit from the addition of the Museum to this program while also extending the current boundaries of Lake Shore Park, which is located just east of the Museum. Under the agreement of purchase and sale, dated February 11, 2005, the Museum conveyed title to its land at 220 East Chicago Avenue, excluding the building, its contents, and other improvements on the property, to CPD for $1. As a condition of closing, the Museum and CPD entered into a use agreement, which grants the Museum the exclusive right to occupy and use the land for a period of 99 years, with the opportunity to extend the term for an additional 99 years. Under conditions defined in the use agreement and Special Warranty Deed, the Museum has the option to terminate the use agreement at any time through the earlier of the receipt of a certain level of CPD funding or January 1, 2030. Should the Museum exercise this option, title to the property shall revert to the Museum. Accordingly, as of June 30, 2025 and 2024, the Museum’s land rights are valued at $3,448,054, which is the same amount as reported for this land in prior fiscal years.

Note 8. Leases

The Museum is obligated under two operating leases for storage space, expiring in January 2026 and January 2030. The right-of-use asset and related lease liability have been calculated using risk-free discount rates ranging from 3.75% to 3.79%. The leases require the Museum to pay taxes, insurance, utilities, and maintenance costs. The remaining lease terms do not reflect any renewal options, as the Museum has not determined it to be reasonably certain. Total rent expense under these leases for both the years ended June 30, 2025 and 2024, was $975,718.

Future minimum annual commitments under these operating leases are as follows:

Years ending June 30:	
2026	$ 886,336
2027	799,816
2028	823,111
2029	847,270
2030	576,350
	3,932,883
Less amount representing interest	(332,302)
Less current obligations	(763,833)
Long-term obligations under leases	$ 2,836,748

Other information related to these leases for the years ended June 30, 2025 and 2024, consists of the following:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 938,372	$ 911,474
Weighted-average remaining lease term	4.6 years	5.4 years
Weighted-average discount rate	3.79%	2.88%

Note 9. Bonds Payable

On October 1, 2016, the Museum entered into a bond and loan agreement in the amount of $30,000,000 with a principal maturity date of February 1, 2029, with Bank of America Public Capital Corp. The funds were used to refund and redeem the outstanding Illinois Development Finance Authority Variable/Fixed Rate Demand Revenue Bonds, Series 1994, which were paid in full on December 1, 2016. The total remaining principal balance of the bonds was $30,000,000 for both years ended June 30, 2025 and 2024. The bonds bear interest at a variable rate based on one-month term Secured Overnight Finance Rate (SOFR). During the years ended June 30, 2025 and 2024, the weighted-average interest rate was 5.04% and 5.27%, respectively. The Museum utilizes an interest rate swap with periodic settlements, as defined in Note 10.

Total interest expense, including the interest payments made under the swap agreement, for the years ended June 30, 2025 and 2024, was $1,151,444 and $1,105,499, respectively.

As of June 30, 2025 and 2024, the bond is reported net of unamortized discount and debt issuance costs of $19,979 and $39,957 for an ending balance of $29,980,021 and $29,960,043, respectively.

Note 10. Interest Rate Swap

On October 27, 2016, the Museum entered into an interest rate swap transaction and has an interest rate swap with Bank of America, N.A. to hedge the interest rate risk associated with $25,000,000 of the Museum’s $30,000,000 debt with Bank of America Public Capital Corp. The purpose of the swap is to fix interest rates on variable debt and to reduce certain exposures to interest rate fluctuation. For the years ended June 30, 2025 and 2024, the interest rate swap has an interest rate of 2.477% and matures on November 1, 2026. The Museum will pay Bank of America, N.A. at the fixed rate as noted, and Bank of America, N.A. will pay the Museum interest at a variable rate equal to 85.162% of the one-month term SOFR. Total periodic settlement recoveries for the years ended June 30, 2025 and 2024, was $361,782 and $569,907, respectively, and is included in bond interest and fees on the statement of functional expenses.

The Museum is exposed to credit-related losses in the event of nonperformance to this financial instrument. However, the counterparty to this agreement is Bank of America, N.A., and the risk of loss due to nonperformance is considered by management to be minimal. The Museum does not hold or issue interest rate swaps for trading purposes.

Note 11. Line of Credit

During the years ended June 30, 2025 and 2024, the Museum had an unsecured revolving line of credit with available borrowings of $7,000,000 that matures on July 10, 2026. Interest is payable monthly either at a rate of 1.00% above the daily SOFR or the greater of the Prime Rate and 0.50% above the Federal Funds Rate. No borrowings have been made on the line of credit, and no interest expense incurred during fiscal years 2025 and 2024.

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions include contributions for which donor-imposed restrictions stipulate that they be maintained in perpetuity by the Museum. Net assets with donor restrictions in perpetuity as of June 30, 2025 and 2024, the earnings on which may be appropriated for the following purposes as follows:

	2025	2024
Subject to expenditures for a specified purpose:		
Education programs	$ 4,454,559	$ 4,454,559
Exhibitions	10,450,000	10,450,000
Art acquisitions	100,000	100,000
Operations	2,547,990	2,547,990
	$ 17,552,549	$ 17,552,549

Net assets with donor restrictions include contributions for which donor-imposed restrictions have not been met and for which the proceeds are not restricted in perpetuity, as well as collection deaccessions for which the proceeds have not yet been used for collection accessions. Net assets with donor restrictions as of June 30, 2025 and 2024, are available for the following purposes:

	2025	2024
Future exhibitions and performances	$ 1,452,990	$ 3,350,727
Education programs	1,610,968	1,764,981
Special events	145,000	260,716
Permanent collection, accessions:		
Funded by deaccessions	10,017,272	10,213,412
Funded by gifts	3,039,087	2,755,536
Endowment earnings	7,777,573	6,466,846
MCA vision campaign	1,683,332	4,918,305
MCA annual fund	172,927	146,852
Time or purpose restricted—other	1,262,631	479,668
	$ 27,161,780	$ 30,357,043

Investment income earned on net assets with donor restrictions in perpetuity, noted above as endowment earnings, is restricted for educational programs, exhibition funds, and art acquisition. This investment income is released from restrictions when appropriated as related education or exhibition expenses are incurred and/or art is acquired.

Note 12. Net Assets with Donor Restrictions (Continued)

Net assets were released from restrictions by incurring expenses to satisfy the purpose specified by donor and grant agreements for the years ended June 30, 2025 and 2024, as follows:

	2025	2024
Future exhibitions and performances	$ 2,416,110	$ 2,551,305
Education programs	352,884	170,385
Special events	260,716	281,284
Permanent collection	1,529,245	2,249,800
Earnings appropriated for expenditures on endowments	1,811,794	888,986
MCA vision campaign	3,874,353	4,283,533
MCA annual fund	75,425	2,330,905
Time or purpose restricted—other	142,500	167,710
	$ 10,463,027	$ 12,923,908

Note 13. Donor-Restricted Endowments

The Museum's endowment consists of 18 individual donor-restricted endowment funds established for a variety of reasons. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no board-designated endowment funds.

Interpretation of relevant law: The Museum is subject to the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Museum had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Museum considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Museum has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Note 13. Donor-Restricted Endowments (Continued)

Additionally, in accordance with UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Museum and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Museum
- The investment policies of the Museum

The Museum's endowment net asset composition by type of fund is as follows for the years ended June 30, 2025 and 2024:

	Donor-Restricted Endowment Net Asset Composition by Type of Fund	
	2025	2024
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ 17,552,549	$ 17,552,549
Accumulated investment gains	7,777,573	6,466,846
	$ 25,330,122	$ 24,019,395

The changes in endowment net assets were as follows for the years ended June 30, 2025 and 2024:

	Changes in Donor-Restricted Endowment Net Assets	
	2025	2024
Endowment net assets, beginning	$ 24,019,395	$ 22,199,983
Investment return, net	3,122,521	2,708,398
Appropriation of endowment assets for expenditure	(1,811,794)	(888,986)
Change in endowment net assets	1,310,727	1,819,412
Endowment net assets, ending	$ 25,330,122	$ 24,019,395

Underwater endowment funds: As of June 30, 2025 and 2024, there were no funds with deficiencies.

Note 13. Donor-Restricted Endowments (Continued)

Return objectives and risk parameters: The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for a donor-specified period. Under the policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various benchmark indices, including the S&P 500, Russell MidCap, Russell 2000 Growth, MSCI EAFE, InvestorForce Total PE net median, and the Merrill Lynch one-three Year Treasury index, while assuming a moderate level of investment risk. The Museum expects its endowment funds, over time, to provide an average rate of return, net of all fees, of approximately 5.5% plus the secular rate of inflation annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, 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.

Spending policy and how the investment objectives relate to spending policy: The board of trustees has adopted a spending policy of 5% of the fair value of investments, excluding those restricted to art acquisition, based on a rolling 12-quarter average for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines.

Note 14. Related-Party Transactions

The Museum maintains a conflict of interest policy, which applies to all trustees and members of standing committees, as well as senior management and other designated members of staff. The policy requires that each person to whom the policy applies complete an annual disclosure statement to identify any business, financial or personal interest in matters relating to the Museum.

The policy forbids such individuals from voting on or using their personal influence in connection with such matters. In the event the Museum does conduct business with a related party, the financial terms of those relationships are reported annually to the audit committee, whose members must be independent per the terms of its charter.

Total contribution revenue received from trustees and board members for the years ended June 30, 2025 and 2024, was $4,082,006 and $4,514,664, respectively, of which $1,570,550 and $1,687,700 was still collectible as of June 30, 2025 and 2024, respectively.

Note 15. Retirement Plans

The Museum sponsors a money purchase defined contribution 401(a) plan for all eligible employees. The Museum has made discretionary contributions equal to 5% of eligible employees' compensation. Discretionary contribution to the defined contribution plan totaled $425,396 and $376,239 for the years ended June 30, 2025 and 2024, respectively.

Additionally, the Museum sponsors a defined contribution 403(b) plan and a deferred compensation 457(b) plan for all eligible employees. Employer contributions to the plans are discretionary. No contributions were made to the plans for the years ended June 30, 2025 and 2024.

Note 16. Employment Agreement

Effective July 1, 2022, the Museum extended the employment agreement with its current director for an additional five years. Employment under this employment agreement is through June 30, 2027. If the Museum terminates this agreement without cause, the Museum will continue to pay the director's current base salary for 12 months from the date of termination.